



# RAILROAD COMMISSION OF TEXAS

## HEARINGS DIVISION

**OIL AND GAS DOCKET NO. 01-0278440**

---

**THE APPLICATION OF HESS CORPORATION FOR AN EXCEPTION TO STATEWIDE  
RULE 32 FOR THE CENIZO RANCH LEASE, WELL NO. A-1H, IN THE EAGLEVILLE  
(EAGLE FORD-1) FIELD, DIMMIT COUNTY, TEXAS**

---

**OIL AND GAS DOCKET NO. 01-0278441**

---

**THE APPLICATION OF HESS CORPORATION FOR AN EXCEPTION TO STATEWIDE  
RULE 32 FOR THE TALBUTT TRUST LEASE, WELL NO. C-4H, IN THE EAGLEVILLE  
(EAGLE FORD-1) FIELD, LA SALLE COUNTY, TEXAS**

---

**OIL AND GAS DOCKET NO. 01-0278442**

---

**THE APPLICATION OF HESS CORPORATION FOR AN EXCEPTION TO STATEWIDE  
RULE 32 FOR THE CENIZO RANCH LEASE, WELL NO. A-2H, IN THE EAGLEVILLE  
(EAGLE FORD-1) FIELD, DIMMIT COUNTY, TEXAS**

---

**HEARD BY:** Andres J. Trevino, P.E. - Technical Examiner  
Randall Collins - Legal Examiner

**DATE OF HEARING:** November 1, 2012

**APPEARANCES:**

**REPRESENTING:**

**APPLICANT:**

David Gross  
Jay Baker

Hess Corporation

**EXAMINERS' REPORT AND RECOMMENDATION**

**STATEMENT OF THE CASE**

Hess Corporation ("Hess") requests an exception to Statewide Rule 32 to flare casinghead gas from the Cenizo Ranch Lease Well Nos. A-1H & A-2H and the Talbutt Trust Lease Well No. C-4H in the Eagleville (Eagle Ford-1) Field.

Notice was provided to offset operators surrounding the above referenced leases. These applications are unopposed and the examiners recommend approval of the applications, as requested by Hess.

**DISCUSSION OF THE EVIDENCE**

Statewide Rule 32 governs the utilization for legal purposes of natural gas produced under the jurisdiction of the Railroad Commission. Specifically, Statewide Rule 32(h) provides that an exception to flare natural gas in volumes greater than 50 MCFGPD per well may be granted administratively for a period up to 180 days. Beyond that, Statewide Rule 32(h) provides that exceptions beyond 180 days shall be granted only in a final order signed by the Commission. In the context of the subject applications, Hess is requesting to flare casinghead gas produced from the above listed wells through November 15, 2012, as provided by Statewide Rule 32(h).

The subject wells in this application are completed in the Eagleville (Eagle Ford-1) Field, in northeastern Dimmit and northwestern La Salle Counties, Texas. The Cenizo Ranch wells are located approximately 10 miles northeast of the town of Big Wells, Texas, and the Talbutt Trust wells are located approximately 11 miles northwest of the town of Cotulla, Texas. This area of the Eagleville (Eagle Ford-1) Field lacks existing oil and gas infra-structure for new gas production.

Hess submitted a copy of the Commission Form W-2 filed for its Cenizo Ranch Lease, Well No. A-2H, that was completed in July 2011. The well produced 433 BOPD, 568 MCFGPD and 975 BWPD with a gas-oil ratio of 1,311 cubic feet per barrel. Hess received administrative Permit No. 11092 to flare 800 MCFPD of casinghead gas from its Cenizo Ranch Lease, Well No. A-2H. The permit was effective February 15, 2012, and expired on September 30, 2012, after two extensions, which totaled the maximum 180 days allowed by an administrative permit. Hess requests to flare 400 MCFPD of casinghead gas.

Hess submitted a copy of the Commission Form W-2 filed for its Cenizo Ranch Lease, Well No. A-1H, that was completed in July 2011. The well produced 116 BOPD, 138 MCFGPD and 871 BWPD with a gas-oil ratio of 1,189 cubic feet per barrel. Hess received administrative Permit No. 11091 to flare 800 MCFPD of casinghead gas from its Cenizo Ranch Lease, Well No. A-1H. The permit was effective February 15, 2012, and expired on September 30, 2012, after two extensions, which totaled the maximum 180

days allowed by an administrative permit. Hess requests to flare 300 MCFPD of casinghead gas.

Hess submitted a copy of the Commission Form W-2 filed for its Talbutt Trust Lease, Well No. C-4H, that was completed in March 2012. The well produced 223 BOPD, 372 MCFGPD and 438 BWPD with a gas-oil ratio of 1,668 cubic feet per barrel. Hess received administrative Permit No. 11202 to flare 1,200 MCFPD of casinghead gas from its Talbutt Trust Lease, Well No. C-4H. The permit was effective March 26, 2012, and expired on September 25, 2012, after two extensions, which totaled the maximum 180 days allowed by an administrative permit. Hess requests to flare 800 MCFPD of casinghead gas.

Hess requests an exception to Statewide Rule 32 to flare casinghead gas produced from the subject wells from the date the permits expire through November 15, 2012. An operator is considered temporarily compliant with Statewide Rule 32 provided they had requested a hearing anytime prior to the administratively granted permit expires and until final commission action on the hearing application. Hess has requested a hearing for each of the subject wells before each wells' flare gas permit expired.

#### **FINDINGS OF FACT**

1. Proper notice of this hearing was given at least ten days prior to the date of hearing. There were no protests to the application.
2. The subject wells in this application are completed in the Eagleville (Eagle Ford-1) Field, in northeastern Dimmit and northwestern La Salle Counties, Texas.
  - a. This area of the Eagleville (Eagle Ford-1) Field lacks existing oil and gas infra-structure for new gas production.
  - b. Cenizo Ranch Lease, Well No. A-2H, that was completed in July 2011 and produced 433 BOPD, 568 MCFGPD and 975 BWPD with a gas-oil ratio of 1,311 cubic feet per barrel.
  - c. Cenizo Ranch Lease, Well No. A-1H, that was completed in July 2011 and produced 116 BOPD, 138 MCFGPD and 871 BWPD with a gas-oil ratio of 1,189 cubic feet per barrel.
  - d. Talbutt Trust Lease, Well No. C-4H, that was completed in March 2012 and produced 223 BOPD, 372 MCFGPD and 438 BWPD with a gas-oil ratio of 1,668 cubic feet per barrel.

3. Statewide Rule 32(h) stipulates that the Commission may administratively grant an exception to Statewide Rule 32 for a period no greater than 180 days.
  - a. Hess Corporation ("Hess") received administrative Permit No. 11092 to flare 800 MCFPD of casinghead gas from its Cenizo Ranch Lease, Well No. A-2H. The permit was effective February 15, 2012, and expired on September 30, 2012, after two extensions, which totaled the maximum 180 days allowed by an administrative permit.
  - b. Hess received administrative Permit No. 11091 to flare 800 MCFPD of casinghead gas from its Cenizo Ranch Lease, Well No. A-1H. The permit was effective February 15, 2012, and expired on September 30, 2012, after two extensions, which totaled the maximum 180 days allowed by an administrative permit.
  - c. Hess received administrative Permit No. 11202 to flare 1,200 MCFPD of casinghead gas from its Talbutt Trust Lease, Well No. C-4H. The permit was effective March 26, 2012, and expired on September 25, 2012, after two extensions, which totaled the maximum 180 days allowed by an administrative permit.
4. An exception to Statewide Rule 32 through November 15, 2012, for the subject wells will give Hess time to complete the wells hook up to the new gas gathering system.
5. An exception to Statewide Rule 32 through November 15, 2012, for the subject wells to flare casinghead gas is appropriate.
  - a. For its Cenizo Ranch Lease, Well No. A-1H, Hess requests to flare 300 MCFPD of casinghead gas.
  - b. For its Cenizo Ranch Lease, Well No. A-2H, Hess requests to flare 400 MCFPD of casinghead gas.
  - c. For its Talbutt Trust Lease, Well No. C-4H, Hess requests to flare 800 MCFPD of casinghead gas.
  - d. An operator is considered compliant with Statewide Rule 32 provided they had requested a hearing anytime prior to the administratively granted permit expires. Hess has requested a hearing for each of the subject wells before each wells' flare gas permit expired.

**CONCLUSIONS OF LAW**

1. Proper notice was issued as required by all applicable statutes and regulatory codes.
2. All things have occurred and been accomplished to give the Commission jurisdiction in this matter.
3. Approval of the requested authority pursuant to Statewide Rule 32 will prevent waste, will not harm correlative rights and will promote development of the field.

**EXAMINERS' RECOMMENDATION**

Based on the above findings of fact and conclusions of law, the examiners recommend that the Commission grant an exception to Statewide Rule 32 through November 15, 2012, for the subject wells in the Eagleville (Eagle Ford-1) Field, as requested by Hess Corporation.

Respectfully submitted,



Andres J. Trevino, P.E.  
Technical Examiner



Randall Collins  
Legal Examiner