



# RAILROAD COMMISSION OF TEXAS

## HEARINGS DIVISION

**OIL AND GAS DOCKET NO. 02-0279711**

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**THE APPLICATION OF COMSTOCK OIL & GAS L.P. FOR AN EXCEPTION TO STATEWIDE RULE 32 FOR THE COATES "A" LEASE, WELL NO. 1H IN THE EAGLEVILLE (EAGLEFORD-2) FIELD, KARNES COUNTY, TEXAS**

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**OIL AND GAS DOCKET NO. 01-0279712**

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**THE APPLICATION OF COMSTOCK OIL & GAS L.P. FOR AN EXCEPTION TO STATEWIDE RULE 32 FOR THE DVR MESQUITE TANK BATTERY LEASE, IN THE EAGLEVILLE (EAGLEFORD-1) FIELD, ATASCOSA COUNTY, TEXAS**

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**OIL AND GAS DOCKET NO. 01-0279713**

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**THE APPLICATION OF COMSTOCK OIL & GAS L.P. FOR AN EXCEPTION TO STATEWIDE RULE 32 FOR THE JUPE "A" LEASE, WELL NO. 1H IN THE EAGLEVILLE (EAGLEFORD-1) FIELD, ATASCOSA COUNTY, TEXAS**

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**OIL AND GAS DOCKET NO. 01-0279714**

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**THE APPLICATION OF COMSTOCK OIL & GAS L.P. FOR AN EXCEPTION TO STATEWIDE RULE 32 FOR THE LUCAS TANK BATTERY LEASE, IN THE EAGLEVILLE (EAGLEFORD-1) FIELD, ATASCOSA COUNTY, TEXAS**

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**OIL AND GAS DOCKET NO. 01-0279716**

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**THE APPLICATION OF COMSTOCK OIL & GAS L.P. FOR AN EXCEPTION TO STATEWIDE RULE 32 FOR THE NWR LEASE, WELL NO. 1H IN THE EAGLEVILLE (EAGLEFORD-1) FIELD, ATASCOSA COUNTY, TEXAS**

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OIL AND GAS DOCKET NO. 01-0279717

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**THE APPLICATION OF COMSTOCK OIL & GAS L.P. FOR AN EXCEPTION TO STATEWIDE RULE 32 FOR THE SCHORP LEASE, WELL NO. 3H IN THE EAGLEVILLE (EAGLEFORD-1) FIELD, LA SALLE COUNTY, TEXAS**

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**HEARD BY:** Andres J. Trevino, P.E. - Technical Examiner  
Marshall F. Enquist - Legal Examiner

**HEARING DATE:** January 25, 2013

**APPEARANCES:**

**REPRESENTING:**

**APPLICANT:**

David Nelson  
Jay Callahan

Comstock Oil & Gas, L.P.

**EXAMINERS' REPORT AND RECOMMENDATION**

**STATEMENT OF THE CASE**

Comstock Oil & Gas, L.P. ("Comstock") requests a permanent exception to Statewide Rule 32 to flare gas from the following wells:

<b><u>LEASE NAME</u></b>	<b><u>WELL NO.</u></b>	<b><u>FIELD NAME</u></b>
Coates "A" (09620)	1H	Eagleville (Eagleford-2)
DVR/Mesquite Tank Battery (CP# 5477)		Eagleville (Eagleford-1)
Jupe "A" (15912)	1H	Eagleville (Eagleford-1)
Lucas Tank Battery (CP#01-5451)		Eagleville (Eagleford-1)
NWR (15277)	1H	Eagleville (Eagleford-1)
Schorp (15754)	3H	Eagleville (Eagleford-1)

Offset operators in the subject leases were notified of the hearing, there were no objections filed, and no protestant appeared at the hearing.

The applications are unopposed and the examiners recommend approval of the exceptions to Statewide Rule 32 to flare gas for the subject wells, for a period of one year from the date of the order. Comstock does not consider the one year limitation adverse.

**DISCUSSION OF THE EVIDENCE**

Statewide Rule 32 governs the utilization of gas well gas and casinghead gas produced by oil and gas wells under the jurisdiction of the Railroad Commission. In the context of the subject applications, Comstock is requesting to flare gas produced by the subject wells, as provided in Statewide Rule 32(h).

The Coates "A", Well No. 1H in this application was completed in the Eagleville (Eagle Ford-2) Field in January 2011, located in Karnes County, Texas. The well had an initial potential test of 476 BO, 126 MCF of gas and 511 BWPD. The well currently produces a lower volume of casinghead gas of 30 MCFGPD of gas. The well is located approximately 8.3 miles southwest of the town of Falls City, Texas, in an area that lacks nearby oil and gas infrastructure.

The DVR/Mesquite Tank Battery (CP# 5477) well in this application was completed in the Eagleville (Eagle Ford-1) Field in April 2012, located in Atascosa County, Texas. The well had an initial potential test of 509 BO, 144 MCF of gas and 0 BWPD. The well currently produces a higher volume of casinghead gas of 190 MCFGPD of gas. The well is located approximately 5.3 miles north of the town of Campbellton, Texas, in an area that lacks nearby oil and gas infrastructure.

The Jupe "A", Well No. 1H in this application was completed in the Eagleville (Eagle Ford-1) Field in October 2011, located in Atascosa County, Texas. The well had an initial potential test of 295 BO, 181 MCF of gas and 553 BWPD. The well currently produces a lower volume of casinghead gas of 48 MCFGPD of gas. The well is located approximately 9 miles south of the town of Charlotte, Texas, in an area that lacks nearby oil and gas infrastructure.

The Lucas Tank Battery (CP# 01-5451) wells in this application were completed in the Eagleville (Eagle Ford-1) Field in February and April 2012, located in Atascosa County, Texas. The wells had an initial potential test of 328 - 370 BO, 215 -440 MCF of gas and 570-1,008 BWPD. The wells currently produce a lower volume of casinghead gas of 285 MCFGPD of gas. The well is located approximately 5.5 miles northeast of the town of Campbellton, Texas, in an area that lacks nearby oil and gas infrastructure.

The NWR, Well No. 1H in this application was completed in the Eagleville (Eagle Ford-1) Field in November 2010, located in Atascosa County, Texas. The well had an initial potential test of 381 BO, 223 MCF of gas and 1,174 BWPD. The well currently produces a lower volume of casinghead gas of 45 MCFGPD of gas. The well is located approximately 11.3 miles southeast of the town of Charlotte, Texas, in an area that lacks nearby oil and gas infrastructure.

The Schorp, Well No. 3H in this application was completed in the Eagleville (Eagle Ford-1) Field in February 2012, located in La Salle County, Texas. The well had an initial potential test of 288 BO, 103 MCF of gas and 639 BWPD. The well currently produces a lower volume of casinghead gas of 100 MCFGPD of gas. The well is located approximately

13.8 miles east of the town of Dilley, Texas, in an area that lacks nearby oil and gas infrastructure.

Comstock testified that, the cost to build and operate a gas pipeline to nearby existing sales pipelines will far exceed the revenue derived from the estimated gas produced from each well, therefore, Comstock is requesting permanent authority to flare the gas. Decline curve analysis show the Coates "A", Well No. 1H will net gas sales of 9.3 MMCF of gas excluding the gas used as fuel for compression. Total cost to install the sales pipeline will be \$1.092 million. Additionally, the Coates "A" Well No. 1H will need additional rental compression costs estimated to be \$2,000 monthly. Net revenue from the sales of gas (\$27,996) less lease and compression expenses will generate a loss of \$1.16 million over a 4 year period.

Similarly, for the other wells and tank batteries in these applications, the cost to build and operate a gas pipeline to nearby existing sales pipelines will far exceed the revenue derived from the estimated gas produced from each well or tank battery site. Connecting the DVR/Mesquite Tank Battery site to a sales line is expected to generate a loss of \$1.56 million after the cost to construct and operate the pipeline are deducted over a 16 year period. Connecting the Jupe "A", Well No. 1H to a sales line is expected to generate a loss of \$0.473 million after the cost to construct and operate the pipeline are deducted over a 3 year period. Connecting the Lucas Tank Battery site to a sales line is expected to generate a loss of \$1.0 million after the cost to construct and operate the pipeline are deducted over a 24 year period. Connecting the NWR, Well No. 1H to a sales line is expected to generate a loss of \$0.905 million after the cost to construct and operate the pipeline are deducted over a 1 year period. Connecting the Schorp, Well No. 3H to a sales line is expected to generate a loss of \$1.169 million after the cost to construct and operate the pipeline are deducted over a 7 year period.

Comstock received administrative Permit No. 11840 to flare 50 MCFPD of casinghead gas from its Coates "A", Well No. 1H, that went into effect August 10, 2012 and expired on February 8, 2013, after two extensions totaling the maximum 180 days.

Comstock received administrative Permit No. 11839 to flare 250 MCFPD of casinghead gas from its DVR/Mesquite Tank Battery site, that went into effect August 10, 2012 and expired on February 9, 2013, after two extensions totaling the maximum 180 days.

Comstock received administrative Permit No. 11843 to flare 120 MCFPD of casinghead gas from its Jupe "A", Well No. 1H, that went into effect August 10, 2012 and expired on February 8, 2013, after two extensions totaling the maximum 180 days.

Comstock received administrative Permit No. 11834 to flare 250 MCFPD of casinghead gas from its Lucas Tank Battery site, that went into effect August 10, 2012 and expired on February 8, 2013, after two extensions totaling the maximum 180 days.

Comstock received administrative Permit No. 11842 to flare 95 MCFPD of casinghead gas from its NWR, Well No. 1H, that went into effect August 10, 2012 and expired on February 8, 2013, after two extensions totaling the maximum 180 days.

Comstock received administrative Permit No. 11838 to flare 155 MCFPD of casinghead gas from its Schorp, Well No. 3H, that went into effect August 10, 2012 and expired on February 8, 2013, after two extensions totaling the maximum 180 days.

Statewide Rule 32(h)(2) stipulates that the Commission may administratively grant an exception to Statewide Rule 32 for a period no greater than 180 days. As previously mentioned, Comstock applied for and received an administrative permit to flare casinghead gas from the subject wells for a total of 180 days. Comstock testified that because it is uneconomic to construct gas pipelines to nearby existing sales pipelines, it is requesting a permanent exception to Statewide Rule 32 to flare the current volume of gas being produced. The Examiners will only grant the exception for a period of one year from the date of the order. The one year exception will allow Comstock to reevaluate market conditions and pipeline availability in the area in order to prevent the unnecessary flaring of casinghead gas. Comstock does not consider this recommendation adverse. For wells that produce below 50 MCFPD, Comstock can apply for administrative approval to flare the casinghead gas on a permanent basis.

#### **FINDINGS OF FACT**

1. Proper notice of this hearing was given to offset operators of each lease at least ten days prior to the date of hearing. There were no protests to the application.
2. The wells and tank batteries in these applications are completed in the Eagleville (Eagle Ford-1) Field and Eagleville (Eagle Ford-2) Fields, located in Karnes, Atascosa and La Salle Counties, Texas.
  - a. The Coates "A", Well No. 1H currently produces 30 MCFPD of casinghead gas and has reserves of 9.3 MMCF of remaining economically recoverable casinghead gas.
  - b. The DVR/Mesquite Tank Battery currently produces 190 MCFPD of casinghead gas and has reserves of 118.2 MMCF of remaining economically recoverable casinghead gas.
  - c. The Jupe "A", Well No. 1H currently produces 48 MCFPD of casinghead gas and has reserves of 19.2 MMCF of remaining economically recoverable casinghead gas.
  - d. The Lucas Tank Battery currently produces 285 MCFPD of casinghead gas and has reserves of 251.9 MMCF of remaining economically recoverable casinghead gas.
  - e. The NWR, Well No. 1H currently produces 45 MCFPD of casinghead gas and has reserves of 4.2 MMCF of remaining economically recoverable casinghead gas.

- f. The Schorp, Well No. 3H currently produces 100 MCFPD of casinghead gas and has reserves of 38.2 MMCF of remaining economically recoverable casinghead gas.
  - g. The wells are located approximately .1 miles and 8 miles from existing gas pipelines.
3. The cost to construct gas pipelines and operate compressors will exceed the value of casinghead gas produced for all wells and tank battery sites.
- a. Connecting the Coates "A", Well No. 1H to a sales line is expected to generate a loss of \$1.16 million after the cost to construct and operate the pipeline are deducted over a 4 year period.
  - b. Connecting the DVR/Mesquite Tank Battery site to a sales line is expected to generate a loss of \$1.56 million after the cost to construct and operate the pipeline are deducted over a 16 year period.
  - c. Connecting the Jupe "A", Well No. 1H to a sales line is expected to generate a loss of \$0.473 million after the cost to construct and operate the pipeline are deducted over a 3 year period.
  - d. Connecting the Lucas Tank Battery site to a sales line is expected to generate a loss of \$1.0 million after the cost to construct and operate the pipeline are deducted over a 24 year period.
  - e. Connecting the NWR, Well No. 1H to a sales line is expected to generate a loss of \$0.905 million after the cost to construct and operate the pipeline are deducted over a 1 year period.
  - f. Connecting the Schorp, Well No. 3H to a sales line is expected to generate a loss of \$1.169 million after the cost to construct and operate the pipeline are deducted over a 7 year period.
4. Comstock received an administrative permit to flare casinghead gas from each well or tank battery site for the maximum 180 days.
- a. Permit No. 10840 to flare 50 MCFPD of casinghead gas from its Coates "A", Well No. 1H, that went into effect August 10, 2012 and expired on February 8, 2013.
  - b. Permit No. 10839 to flare 250 MCFPD of casinghead gas from DVR/Mesquite Tank Battery site, that went into effect August 10, 2012 and expired on February 9, 2013.
  - c. Permit No. 10843 to flare 120 MCFPD of casinghead gas from its Jupe "A", Well No. 1H, that went into effect August 10, 2012 and expired on February 8, 2013.

- d. Permit No. 10834 to flare 250 MCFPD of casinghead gas from Lucas Tank Battery site, that went into effect August 10, 2012 and expired on February 8, 2013.
  - e. Permit No. 10842 to flare 95 MCFPD of casinghead gas from its NWR, Well No. 1H, that went into effect August 10, 2012 and expired on February 8, 2013.
  - f. Permit No. 10838 to flare 155 MCFPD of casinghead gas from its Schorp, Well No. 3H, that went into effect August 10, 2012 and expired on February 8, 2013.
5. Statewide Rule 32(h)(2) stipulates that the Commission may administratively grant an exception to Statewide Rule 32 for a period no greater than 180 days.
  6. A one year exception to Statewide Rule 32 to flare casing head gas at various rates for the wells and tank battery sites in these applications, are appropriate.
  7. For wells that produce below 50 MCFPD, Comstock can apply for administrative approval to flare the casinghead gas on a permanent basis.

#### **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 permanent exception to Statewide Rule 32 to flare gas for the subject wells 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 a one year exception to Statewide Rule 32 for the subject wells.

Respectfully submitted,



Andres J. Trevino, P.E.  
Technical Examiner



Marshall F. Enquist  
Legal Examiner



# RAILROAD COMMISSION OF TEXAS

## HEARINGS DIVISION

OIL AND GAS DOCKET NO. 01-0279367

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THE APPLICATION OF MURPHY EXPLORATION & PRODUCTION CO.-USA FOR AN EXCEPTION TO STATEWIDE RULE 32 FOR THE RYCHLIK UNIT, WELL NO. 1H, WHITE TAIL UNIT, WELL NO. 1H, RAFTER UNIT, WELL NO. 1H, AND LEWIS UNIT, NO. 1H IN THE EAGLEVILLE (EAGLEFORD-1) FIELD, ATASCOSA COUNTY, TEXAS

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HEARD BY: Andres J. Trevino, P.E. - Technical Examiner  
Michael Crnich - Legal Examiner

HEARING DATE: February 7, 2013

APPEARANCES:

REPRESENTING:

APPLICANT:

Kelli Kenney  
John McBeath

Murphy Exploration & Production Co.-USA

### EXAMINERS' REPORT AND RECOMMENDATION

#### STATEMENT OF THE CASE

Murphy Exploration & Production Co.-USA ("Murphy") requests a permanent exception to Statewide Rule 32 to flare gas from the following wells:

<u>LEASE NAME</u>	<u>WELL NO.</u>	<u>FIELD NAME</u>
Rychlik Unit	1H (013-34453)	Eagleville (Eagleford-1)
White Tail Unit	1H (013-34498)	Eagleville (Eagleford-1)
Rafter Unit	1H (013-34455)	Eagleville (Eagleford-1)
Lewis Unit	1H (013-34454)	Eagleville (Eagleford-1)

Offset operators in the subject leases were notified of the hearing, there were no objections filed, and no protestant appeared at the hearing.

The application is unprotested and the examiners recommend approval of the exceptions to Statewide Rule 32 to flare gas for the subject wells, for a period of one year from the date of the order. Murphy does not consider the one year limitation adverse.



### DISCUSSION OF THE EVIDENCE

Statewide Rule 32 governs the utilization of gas-well gas and casinghead gas produced by oil and gas wells under the jurisdiction of the Railroad Commission. In the context of the subject applications, Murphy is requesting to flare gas produced by the subject wells, as provided in Statewide Rule 32(h).

The Rychlik Unit, Well No. 1H in this application was completed in the Eagleville (Eagle Ford-1) Field in May 2012, located in Atascosa County, Texas. The well had an initial potential test of 155 BO, 50 MCF of gas and 240 BWPD. The well currently produces a higher volume of casinghead gas of 74 MCFGPD. The well is located approximately 6 miles southwest of the town of Jourdanton, Texas, in an area that lacks nearby oil and gas infrastructure.

The White Tail Unit, Well No. 1H in this application was completed in the Eagleville (Eagle Ford-1) Field in June 2012, located in Atascosa County, Texas. The well had an initial potential test of 187 BO, 55 MCF of gas and 284 BWPD. The well currently produces a higher volume of casinghead gas of 66 MCFGPD. The well is located approximately 5.5 miles southeast of the town of Charlotte, Texas, in an area that lacks nearby oil and gas infrastructure.

The Rafter Unit, Well No. 1H in this application was completed in the Eagleville (Eagle Ford-1) Field in July 2012, located in Atascosa County, Texas. The well had an initial potential test of 98 BO, 45 MCF of gas and 284 BWPD. The well currently produces a higher volume of casinghead gas of 68 MCFGPD. The well is located approximately 6.7 miles southwest of the town of Jourdanton, Texas, in an area that lacks nearby oil and gas infrastructure.

The Lewis Unit, Well No. 1H in this application was completed in the Eagleville (Eagle Ford-1) Field in February and May 2012, located in Atascosa County, Texas. The well had an initial potential test of 186 BO, 76 MCF of gas and 199 BWPD. The well currently produces a lower volume of casinghead gas of 45 MCFGPD. The well is located approximately 7 miles southwest of the town of Jourdanton, Texas, in an area that lacks nearby oil and gas infrastructure.

Murphy testified that the cost to build and operate a gas pipeline to nearby existing sales pipelines will far exceed the revenue derived from the estimated gas produced from each well; therefore, Murphy is requesting permanent authority to flare the gas. Decline curve analysis shows the Rychlik Unit, Well No. 1H has remaining reserves of 87.2 MMCF. Total cost to install the sales pipeline will be \$1.26 million. Additionally, the Rychlik Unit, Well No. 1H will need rental compression costs estimated to be \$1,300 monthly. Net revenue from the sales of gas less lease and compression expenses will generate a loss of \$1.23 million over a 13-year period.

Similarly, for the other wells in this application, the cost to build and operate a gas pipeline to nearby existing sales pipelines will far exceed the revenue derived from the estimated gas produced from each well. Connecting the White Tail Unit, Well No. 1H to a sales line is expected to generate a loss of \$0.59 million after the costs to construct and operate the pipeline are deducted over a 13-year period. Connecting the Rafter Unit, Well No. 1H to a sales line is expected to generate a loss of \$1.58 million after the costs to construct and operate the pipeline are deducted over a 9-year period. Connecting the Lewis Unit, Well No. 1H to a sales line is expected to generate a loss of \$0.94 million after the costs to construct and operate the pipeline are deducted over a 11-year period.

Murphy received administrative Permit No. 11400 to flare 100 MCFPD of casinghead gas from its Rychlik Unit, Well No. 1H, that went into effect June 5, 2012, and expired on December 5, 2012, after two extensions totaling the maximum 180 days.

Murphy received administrative Permit No. 11716 to flare 80 MCFPD of casinghead gas from its White Tail Unit, Well No. 1H, that went into effect July 21, 2012, and expired on January 4, 2013, after two extensions totaling the maximum 180 days.

Murphy received administrative Permit No. 12200 to flare 100 MCFPD of casinghead gas from its Rafter Unit, Well No. 1H, that went into effect October 20, 2012, and expired on April 20, 2013, after two extensions totaling the maximum 180 days.

Murphy received administrative Permit No. 11540 to flare 100 MCFPD of casinghead gas from its Lewis Unit, Well No. 1H, that went into effect June 23, 2012, and expired on December 22, 2012, after two extensions totaling the maximum 180 days.

Statewide Rule 32(h)(2) stipulates that the Commission may administratively grant an exception to Statewide Rule 32 for a period no greater than 180 days. As previously mentioned, Murphy applied for and received an administrative permit to flare casinghead gas from the subject wells for a total of 180 days. Murphy testified that because it is uneconomic to construct gas pipelines to nearby existing sales pipelines, it is requesting a permanent exception to Statewide Rule 32 to flare the current volume of gas being produced. The Examiners will only grant the exception for a period of one year from the date of the order. The one year exception will allow Murphy to reevaluate market conditions and pipeline availability in the area in order to prevent the unnecessary flaring of casinghead gas. Murphy does not consider this recommendation adverse. For wells that produce below 50 MCFPD, Murphy can apply for administrative approval to flare the casinghead gas on a permanent basis.

#### **FINDINGS OF FACT**

1. Proper notice of this hearing was given to offset operators of each lease at least ten days prior to the date of hearing. There were no protests to the application.

2. The wells in this application are completed in the Eagleville (Eagle Ford-1) Field, located in Atascosa County, Texas.
  - a. The Rychlik Unit, Well No. 1H currently produces 74 MCFPD of casinghead gas and has reserves of 87.2 MMCF of remaining recoverable casinghead gas.
  - b. The White Tail Unit, Well No. 1H currently produces 66 MCFPD of casinghead gas and has reserves of 62.9 MMCF of remaining recoverable casinghead gas.
  - c. The Rafter Unit, Well No. 1H currently produces 68 MCFPD of casinghead gas and has reserves of 75.1 MMCF of remaining recoverable casinghead gas.
  - d. The Lewis Unit, Well No. 1H currently produces 45 MCFPD of casinghead gas and has reserves of 44.1 MMCF of remaining recoverable casinghead gas.
  - e. The wells are located approximately .3 miles and 5 miles from existing gas pipelines.
3. The cost to construct gas pipelines and operate compressors will exceed the value of casinghead gas produced for all wells and tank battery sites.
  - a. Connecting the Rychlik Unit, Well No. 1H to a sales line is expected to generate a loss of \$1.23 million after the costs to construct and operate the pipeline are deducted over a 13-year period.
  - b. Connecting the White Tail Unit, Well No. 1H to a sales line is expected to generate a loss of \$0.59 million after the costs to construct and operate the pipeline are deducted over a 13-year period.
  - c. Connecting the Lewis Unit, Well No. 1H to a sales line is expected to generate a loss of \$1.58 million after the costs to construct and operate the pipeline are deducted over a 9-year period.
  - d. Connecting the Lewis Unit, Well No. 1H to a sales line is expected to generate a loss of \$0.94 million after the costs to construct and operate the pipeline are deducted over a 11-year period.
4. Murphy received an administrative permit to flare casinghead gas from each well for the maximum 180 days.
  - a. Permit No. 11400 to flare 100 MCFPD of casinghead gas from its Rychlik Unit, Well No. 1H, went into effect June 5, 2012, and expired on December 5, 2012.

- b. Permit No. 11716 to flare 80 MCFPD of casinghead gas White Tail Unit, Well No. 1H, went into effect July 21, 2012, and expired on January 4, 2013.
  - c. Permit No. 12200 to flare 100 MCFPD of casinghead gas from its Rafter Unit, Well No. 1H, went into effect October 20, 2012, and expired on April 20, 2013.
  - d. Permit No. 11540 to flare 100 MCFPD of casinghead gas from Lewis Unit, Well No. 1H, went into effect June 23, 2012, and expired on December 22, 2012.
5. Statewide Rule 32(h)(2) stipulates that the Commission may administratively grant an exception to Statewide Rule 32 for a period no greater than 180 days.
  6. A one year exception to Statewide Rule 32 to flare casinghead gas at the 100 MCFPD rate for the wells in this application is appropriate.
  7. For wells that produce below 50 MCFPD, Murphy can apply for an administrative approval to flare the casinghead gas on a permanent basis.


#### 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 a one-year exception to Statewide Rule 32 to flare gas for the subject wells 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 a one year exception to Statewide Rule 32 for the subject wells.

Respectfully submitted,

  
Andres J. Trevino, P.E.  
Technical Examiner

  
Michael Crnich  
Legal Examiner