

THE APPLICATION OF CLAYTON WILLIAMS ENERGY, INC. FOR A TEMPORARY EXCEPTION TO STATEWIDE RULE 32 FOR THE CWEI-CHK 14-C10 LEASE, WELL NO. 2 IN THE WOLFBONE (TREND AREA) FIELD, REEVES COUNTY, TEXAS

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

HEARING DATE: July 25, 2012

APPEARANCES:

REPRESENTING:

APPLICANT:

Doug Dashiell
Betsy Luna

Clayton Williams Energy, Inc.

EXAMINERS' REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Clayton Williams Energy, Inc. ("Williams") requests a temporary exception to Statewide Rule 32 to flare gas from the CWEI-CHK 14-C10 Lease, Well No. 2 (API No. 389-32964), in the Wolfbone (Trend Area) Field, Reeves County, Texas. As of the hearing date the well was hooked up to the sales line and only needed temporary exception from the date the last exception expired to the date the well was hooked up to the sales line.

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

The application is unopposed and the examiners recommend approval of the exception to Statewide Rule 32 to temporarily flare gas for the subject well, as requested by Williams.

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 subject application, Williams is requesting to flare gas produced by the subject well, as provided in Statewide Rule 32(h).

The subject well in this application is completed in the Wolfbone (Trend Area) Field, located in Reeves County, Texas. The well is located south of the town of Pecos, Texas, in an area that lacks existing oil and gas infrastructure for new production. Williams testified that, at the time of completion, there was limited gas pipeline infrastructure available to the well in this request. Williams stated that Right-of-Way and pipeline construction began in December 2011.

Statewide Rule 32(h)(2) stipulates that the Commission may administratively grant an exception to Statewide Rule 32 for a particular well for 60 days. Such permit may be granted for a total of 180 days. Williams applied for and received administrative permits to flare casinghead gas from the subject well for a total of 180 days. The last 60 day exception expired on June 11, 2012. On July 24, 2012 the CWEI-CHK 14-C10, Well No. 2 was hooked up to the sales pipeline and was no longer flaring gas. Williams is requesting the exception to Statewide Rule 32 to flare a volume of less than 90 MCFGPD for the CWEI-CHK 14-C10 Lease, Well No. 2, from June 12, 2012 through July 24, 2012, the period of time from the expiration of the last administrative approval till the day the well was hooked up to the sales pipeline.

FINDINGS OF FACT

1. Proper notice of this hearing was given to all operators in the Wolfbone (Trend Area) Field at least ten days prior to the date of hearing. There were no protests to the application.
2. The subject well in this application is completed in the Wolfbone (Trend Area) Field, located in Reeves County, Texas.
 - a. The well is located south of the town of Pecos, Texas, in an area that lacks existing oil and gas infrastructure for new production.
 - b. At the time of completion, there was limited gas pipeline infrastructure available to the subject well.
 - c. Williams began Right-of-Way and pipeline construction in December 2011.
3. Williams received administrative Permit No. 10953 to flare 150 MCFPD of casinghead gas from its CWEI-CHK 14-C10, Well No. 2, that went into effect December 12, 2011 and expired on June 11, 2012, after three extensions totaling the maximum 180 days.

4. 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.
5. On July 24, 2012, the CWEI-CHK 14-C10, Well No. 2 was connected to the sales pipeline and was no longer flaring gas.
6. An exception to Statewide Rule 32 to flare 90 MCFGPD for the CWEI-CHK 14-C10 Lease, Well No. 2, from June 12, 2012 through July 24, 2012, will cover the period of time from the expiration of the last 60 day approval to the day the well was connected to the sales pipeline and ceased flaring gas.

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 exception to Statewide Rule 32 to flare gas for the subject well 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 for the subject well, as requested by Clayton Williams Energy, Inc.

Respectfully submitted,

Andres J. Trevino, P.E.
Technical Examiner

Marshall F. Enquist
Legal Examiner