

**THE APPLICATION OF CLAYTON WILLIAMS ENERGY, INC. FOR AN EXCEPTION TO STATEWIDE RULE 32 FOR CERTAIN WELLS IN THE WOLFBONE (TREND AREA) FIELD, REEVES COUNTY, TEXAS**

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**HEARD BY:** Richard D. Atkins, P.E. - Technical Examiner  
Marshall F. Enquist - Legal Examiner

**HEARING DATE:** March 23, 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 an exception to Statewide Rule 32 to flare gas from the CWEI-CHK 12-52-8 Lease, Well No. 1 (API No. 42-389-32821), and CWEI-CHK 22-C10 Lease, Well No. 1 (API No. 42-389-32833), in the Wolfbone (Trend Area) Field, Reeves County, Texas. The original hearing notice included four wells, but at the hearing, Williams amended its request to only include the two wells listed above.

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

The subject wells in this application are completed in the Wolfbone (Trend Area) Field, located in Reeves County, Texas. The wells are located near State Highway 17 approximately 20 miles 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 no gas pipeline infrastructure available to the wells in this request. Williams stated that it has signed a gas sales contract with Southern Union Gas Company and is currently in the process of acquiring Right-of-Way for 20 miles of pipeline that will gather all of the gas from its wells in the area. Williams anticipates completing construction on the gathering pipeline by the end of May 2012.

Williams received administrative Permit No. 10590 to flare 160 MCFPD of casinghead gas from its CWEI-CHK 12-52-8 Lease, Well No. 1, that went into effect August 11, 2011 and expired on February 9, 2012, after three extensions totaling the maximum 180 days. Williams received administrative Permit No. 10592 to flare 168 MCFPD of casinghead gas from its CWEI-CHK 22-C10 Lease, Well No. 1, that went into effect August 28, 2011 and expired on February 26, 2012, after three 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, Williams applied for and received an administrative permit to flare casinghead gas from the subject wells for a total of 180 days each. Williams testified that due to the amount of time it will take to construct the gathering pipelines, it is requesting the exception to Statewide Rule 32 to flare a volume of less than 160 MCFGPD for the CWEI-CHK 12-52-8 Lease, Well No. 1, from February 9, 2012 through March 8, 2012, and 170 MCFGPD for the CWEI-CHK 22-C10 Lease, Well No. 1, from February 26, 2012 through May 31, 2012.

### **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 wells in this application are completed in the Wolfbone (Trend Area) Field, located in Reeves County, Texas.
  - a. The wells are located near State Highway 17 approximately 20 miles 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 no gas pipeline infrastructure available to the wells in this request.

- c. Williams has signed a gas sales contract with Southern Union Gas Company and is currently in the process of acquiring Right-of-Way for 20 miles of pipeline that will gather all of the gas from its wells in the area.
  - d. Williams anticipates completing construction on the gathering pipeline by the end of May 2012.
3. Williams received administrative Permit No. 10590 to flare 160 MCFPD of casinghead gas from its CWEI-CHK 12-52-8 Lease, Well No. 1, that went into effect August 11, 2011 and expired on February 9, 2012, after three extensions totaling the maximum 180 days.
4. Williams received administrative Permit No. 10592 to flare 168 MCFPD of casinghead gas from its CWEI-CHK 22-C10 Lease, Well No. 1, that went into effect August 28, 2011 and expired on February 26, 2012, after three extensions totaling the maximum 180 days.
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. An exception to Statewide Rule 32 to flare 160 MCFGPD for the CWEI-CHK 12-52-8 Lease, Well No. 1, from February 9, 2012 through March 8, 2012, and 170 MCFGPD for the CWEI-CHK 22-C10 Lease, Well No. 1, from February 26, 2012 through May 31, 2012, is appropriate.

#### **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 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 an exception to Statewide Rule 32 for the subject wells, as requested by Clayton Williams Energy, Inc.

Respectfully submitted,

Richard D. Atkins, P.E.  
Technical Examiner

Marshall F. Enquist  
Legal Examiner