



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL AND GAS DOCKET NO. 01-0286377

THE APPLICATION OF MATADOR PRODUCTION COMPANY FOR AN EXCEPTION TO STATEWIDE RULE 32 FOR THE ZLS LEASE, WELL NO.1H, EAGLEVILLE (EAGLE FORD-1) FIELD, LA SALLE COUNTY, TEXAS

HEARD BY: Karl Caldwell - Technical Examiner
Marshall Enquist - Legal Examiner

HEARING DATE: March 18, 2014

APPEARANCES:

REPRESENTING:

APPLICANT:

Matador Production Company

Davin McGinnis
William McMann

Matador Production Company ("Matador") requests an exception to Statewide Rule 32 to flare casinghead gas from the ZLS Lease, Well No. 1H Eagleville (Eagle Ford-1) Field La Salle County, Texas. Notice was provided to offset operators surrounding the above referenced well and no protests were received. The application is unopposed and the examiners recommend approval of the exception to Statewide Rule 32 to flare casinghead gas from the ZLS Lease, Well No. 1H from the date the administratively granted flare permit expired through August 1, 2014.

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 shall be granted only in a final order signed by the Commission. In the context of the subject application, Matador is requesting an exception to flare casinghead gas produced from the ZLS Lease, Well No. 1H, as provided by Statewide Rule 32(h).

The ZLS Lease, Well No. 1H was completed and tested on January 27, 2013 at a rate of 285 BOPD and 209 MCFGPD with an H₂S concentration of 8,000 ppm. The gas volume increased in the months following the completion to a maximum rate approaching 750 MCFGPD. The nearest pipeline to the subject well that accepts sour gas is the Access Midstream pipeline. Delays in the approval and construction of the proposed pipeline were encountered during negotiations between Access Midstream and a land owner in trying to obtain access easements. Approval has since been granted for a pipeline that will connect the ZLS Lease, Well No. 1 to the Access Midstream Pipeline. The anticipated completion date for the construction of the pipeline is late spring 2014.

Matador received administrative Permit No. 13767 to flare 500 MCFGPD of casinghead gas from the ZLS Lease, Well No. 1H, effective June 24, 2013 through December 23, 2013. Two extension requests to extend the administratively granted flare permit were made by Matador in which the daily flare volume was increased to 750 MCFGPD (effective August 8, 2013) and lastly to 1,000 MCFGPD (effective September 18, 2013). In total, Permit No. 13767 was requested to be extended for 180 days, the maximum length of time allowed by an administrative permit. An operator is considered temporarily compliant with Statewide Rule 32 until final Commission action on the hearing application if it has requested a hearing prior to the expiration of the administratively granted flare permit.

Matador has requested a hearing for the ZLS Lease, Well No. 1H before the administratively granted flare permit expired. Matador requests an exception to flare a maximum of 1,000 MCFGPD of casinghead gas from the subject well from the expiration of the administratively granted flare permit through August 1, 2014.

FINDINGS OF FACT

1. Proper notice of this hearing was given at least ten (10) days prior to the date of hearing and no protests to the application were received.
2. 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.
3. Permit No. 13767 granted flaring authority of casinghead gas from the ZLS Lease, Well No. 1H for 180 days, the maximum length of time allowed by an administrative permit.
4. An operator is considered temporarily compliant with Statewide Rule 32 until final Commission action on the hearing application if it has requested a hearing prior to the expiration of the administratively granted flare permit.
5. Matador has requested a hearing for the ZLS Lease, Well No. 1H before the

administratively granted flare permit expired.

6. A pipeline has been approved for construction to connect the ZLS Lease, Well No. 1 to the Access Midstream Pipeline.
7. The anticipated completion date for the construction of the pipeline connecting the ZLS Lease to the Access Midstream pipeline is late spring 2014.
8. An exception to Statewide Rule 32 from the date the administratively granted flare permit expires through August 1, 2014 for the subject well to flare casinghead gas is appropriate.
9. For the subject well, Matador requests to flare a maximum of 1,000 MCFGPD of casinghead 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 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 approve an exception to Statewide Rule 32 from the date the administratively granted flare permit expired through August 1, 2014, for the ZLS Lease, Well No. 1H, as requested by Matador Production Company.

Respectfully submitted,



Karl Caldwell
Technical Examiner



Marshall Enquist
Legal Examiner