



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL AND GAS DOCKET NO. 02-0287466

THE APPLICATION OF HART PETROLEUM SERVICES INC, FOR AN EXCEPTION TO STATEWIDE RULE 32 FOR THE HART-KEERAN LEASE, WELL NO. 1, KEERAN (FRIO 6100) FIELD, VICTORIA COUNTY, TEXAS

HEARD BY: Paul Dubois – Technical Examiner
Terry Johnson– Hearings Examiner

HEARING DATE: March 26, 2014

APPEARANCES: **REPRESENTING:**

APPLICANT:

Amber Lorick

Hart Petroleum Services, Inc.

EXAMINERS' REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

This is the application of Hart Petroleum Services, Inc. (Hart), for authority to flare casinghead gas from its Hart-Keeran Lease, Well No. 1, Keeran (Frio 6100) Field, in Victoria County, Texas. Hart is requesting an exception to flare 100 MCFGPD from the well for a period of one year. The matter was not protested. The examiners recommend that the exception be granted as requested by Fairways.

DISCUSSION OF THE EVIDENCE

Hart completed its Hart-Keeran Lease Well No. 1 on August 5, 2013. The well is located 6.7 miles north east from Placedo. The well is completed in the Keeran (Frio 6100) Field at a depth of 6,187 feet. On a 24-hour initial potential testing the well produced 99.2 BO, 154 MCFG, and no water. The gas-oil ratio was 1,552 MCFG/BO. The flowing tubing pressure was 1,158 psi.

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 MCFPD 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.

Hart obtained administrative exceptions (Permit No. 14245) to Statewide Rule 32 to flare gas from the subject well from August 22, 2013 through February 20, 2014. These exceptions were granted in three 60-day increments for the total allowable administrative exception of 180 days. On February 20, 2014 Hart requested a hearing to extend the authority for one year.

Over its six-month producing life, the well has produced an accumulative total of approximately 6,422 BO, and 6,097 BW. Daily average gas production has been 101 MCFGPD. The well's flowing tubing pressure has declined from 1,000 pounds to 480 pounds and the water-to-oil ratio has increased from zero to about 2:1. The well will be placed on a pump when it stops flowing.

Hart plans to use all of the produced gas for on-lease purposes, both to operate the well's pumping unit and to power a pump to transfer the produced salt water to a disposal well. In addition to its pending need to use the gas on-lease, Hart indicated that it is not economic to connect to a pipeline in the interim. The nearest gas pipeline is about two miles away. Hart therefore requests the exception to flare the gas until a pump is installed, at which time all of the produced gas will be used on lease.

FINDINGS OF FACT

1. Proper notice of this hearing was given. There were no protests to the application.
2. The Hart-Keeran Lease Well No. 1 was completed on August 5, 2013.
3. The well is completed in the Keeran (Frio 6100) Field at a depth of 6,187 feet.
4. The well produced 99.2 BO, 154 MCFG, and no water on its initial potential test. The gas-oil ratio was 1,552 MCFG/BO. The flowing tubing pressure was 1,158 psi.
5. The well has produced approximately 6,422 BO, and 6,097 BW in six months. Daily average gas production has been 101 MCFGPD. The well's flowing tubing pressure has declined from 1,000 pounds to 480 pounds and the water-to-oil ratio has increased from zero to about 2:1.

6. Hart obtained administrative exceptions (Permit No. 14245) to Statewide Rule 32 to flare gas from the subject well from August 22, 2013 through February 20, 2014.
7. On February 20, 2014 Hart requested a hearing to extend the authority for one year.
8. The nearest gas pipeline is about two miles away.
9. A one year permit to flare 100 MCFGPD from February 21, 2014, through February 20, 2016, is reasonable as Hart expects to place the well on a pump when it stops flowing, and all of the produced gas will be used on lease.

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 100 MCFPD casinghead gas for the subject well for one year will not harm correlative rights.

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 to flare 100 MCFPD casinghead gas for the subject well for one year, from February 21, 2014 to February 20, 2016.

Respectfully submitted,



Paul Dubois
Technical Examiner



Terry Johnson
Hearings Examiner