



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL AND GAS DOCKET NO. 01-0288181

THE APPLICATION OF COMSTOCK OIL & GAS, LP FOR AN EXCEPTION TO STATEWIDE RULE 32 FOR VARIOUS LEASES AND VARIOUS WELLS EAGLEVILLE (EAGLE FORD-1) FIELD MCMULLEN COUNTY, TEXAS

HEARD BY: Karl Caldwell – Technical Examiner
Terry Johnson – Legal Examiner

DATE OF HEARING: May 7, 2014

APPEARANCES:

REPRESENTING:

APPLICANT:

Dale Miller

Comstock Oil & Gas, LP

EXAMINERS' REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Comstock Oil & Gas, LP ("Comstock") requests a two year emergency exception to Statewide Rule 32 to flare casinghead gas from various leases and various wells in the Eagleville (Eagle Ford-1) Field, McMullen County, Texas. Notice was provided to offset operators surrounding the subject well and no protests were received. The application is unopposed and the examiners recommend approval of the exception to Statewide 32 to flare casinghead gas from the various leases and various wells as requested by Comstock.

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

MCFPD 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, Comstock is requesting an exception to flare casinghead gas produced from various leases and various wells, as provided by Statewide Rule 32(h).

Comstock testified that all of the subject wells are currently connected to a gas sales line. Due to the increase in drilling and production in the Eagleford area at this time, pipeline capacity and compressors issues may arise, necessitating the need to flare gas during times when gas is unable to go to the pipeline. Comstock is currently connected to the Regency Field Services LLC gas gathering pipeline and the goal is to sell all gas produced, but due to pipeline issues, the only options during emergencies are to flare or shut in the oil wells. Comstock is requesting an exception Statewide Rule 32 to flare a maximum of 2,000 MCF per day of casinghead gas in times of emergency when gas is unable to go to the sales lines.

Comstock testified that pipeline issues lasting greater than 24 hours may occur from time to time. In Comstock's opinion, due to the frequency of pipeline issues, Comstock may be flaring multiple days a week in excess of 24 hours at any given time. Flaring will be intermittent, but flaring may be required for multiple days at times due to pipeline issues. Until pipeline capacity increases to handle all of the gas produced in the area, pipeline issues will continue to interrupt Comstock's gas to pipeline.

Comstock has received a surface commingling permit (Permit No. 01-5519) to commingle production from six wells. The six wells listed in Table 1 are being surface commingled at the Cutter Creek AB Tank Battery. When flaring is necessary, gas is flared from a single flare point that is referred to as the Cutter Creek AB Tank Battery Flare Point (28° 35' 38.83", 98° 32' 44.36").

Table 1: Surface Commingling Permit No 01-5519 Well List

API No.	Lease No.	Lease Name	Well No.
31135311	15518	Cutter Creek	3H
31135313	15518	Cutter Creek	4H
31134903	16281	Cutter Creek 'A'	1H
31135392	16281	Cutter Creek 'A'	2H
31134902	16282	Cutter Creek 'B'	1H
31135410	16282	Cutter Creek 'B'	2H

Comstock received Permit No. 15896 granting authorization to flare a maximum of 665 MCF per day of casinghead gas, effective September 21, 2013, expiring December 21, 2013 for Commingling Permit No 01-5519. Comstock submitted an amended application requesting to flare casinghead gas for an additional 90 days, at a maximum volume of 1,060 MCF per day, effective December 21, 2013, and expiring

March 21, 2014 for commingling Permit No 01-5519. This request was granted administratively. In total, Permit No. 15896 authorized Comstock to flare casinghead gas for a total of 180 days, the maximum time period that may be granted administratively. Beyond that, Statewide Rule 32(h) provides that exceptions shall be granted only in a final order signed by the Commission.

Comstock is requesting an exception to Statewide 32 to flare a maximum volume of 2,000 MCF per day of casinghead gas from the Cutter Creek AB Tank Battery flare point for a period of two years, effective March 21, 2014, expiring March 20, 2016. It is in Comstock's best interest for all gas produced to go to the gas sales line and all facilities are in place. However due to capacity and pipeline issues there are times when all gas from the commingled wells are unable to go to the sales line.

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 the subject application are completed in the Eagleville (Eagle Ford-1) Field located in McMullen County, Texas.
3. Comstock has Commission-granted orders to flare casinghead gas from wells listed in Table 1, Commingling Permit No 01-5519, flared from a single flare point, the Cutter Creek AB Tank Battery Flare Point (28° 35' 38.83", 98° 32' 44.36").
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. An operator is considered temporarily compliant with Statewide Rule 32 until final Commission action on the hearing application if it has requested a hearing at least 21 days prior to the expiration of a Commission granted flare permit order.
6. The subject wells in this application are currently connected to a gas gathering system.
7. Comstock is requesting an exception to Statewide Rule 32 for the subject wells pursuant to 16 TAC §§3.32(h).

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. The requested authority to flare casinghead gas satisfies the requirements of Title 16, Texas Administrative Code 3.32(h).

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 Cutter Creek AB Tank Battery Flare Point (28° 35' 38.83", 98° 32' 44.36"), Commingling Permit No. 01-5519, as requested by Comstock Oil & Gas, LP.

Respectfully submitted,



Karl Caldwell
Technical Examiner



Terry Johnson
Legal Examiner