



# RAILROAD COMMISSION OF TEXAS

## HEARINGS DIVISION

OIL AND GAS DOCKET NO. 08-0294696

---

**THE APPLICATION OF PIONEER NATURAL RESOURCES USA, INC. FOR AN EXCEPTION TO STATEWIDE RULE 32 FOR THE NORTH UNIVERSITY BLOCK 6 AND 7 LEASES, SPRABERRY (TREND AREA) FIELD, MARTIN COUNTY, TEXAS**

---

**HEARD BY:** Brian Fancher, P.G. – Technical Examiner  
Terry Johnson – Legal Examiner

**HEARING DATE:** March 19, 2015  
**RECORD CLOSED:** March 19, 2015  
**SUBMISSION DATE:** May 27, 2015  
**CONFERENCE DATE:** June 9, 2015

**APPEARANCES:**

**REPRESENTING:**

**APPLICANT:**

George Neale  
Becky Lackey  
Don Burris

Pioneer Nat'l. Res. USA, Inc.

**EXAMINERS' REPORT AND RECOMMENDATION**

**STATEMENT OF THE CASE**

This application is unopposed. Pioneer Natural Resources USA, Inc ("Pioneer") was the only party at the hearing. Pioneer seeks an extended exception to flare casing-head gas from wells completed in the subject field on its North University Block 6 and 7 Leases (the "Leases"), pursuant to 16 Tex. Admin. Code §3.32. Pioneer requests to flare 500,000 cubic feet of gas per day ("500 MCFGD") from 13 regulatory leases (*i.e.*, Commission approved P-4s) that comprise the Leases for two years beginning on January 1, 2015.

On February 27, 2015, the Commission issued a Notice of Hearing ("NOH") for the subject application to the Service List created by Pioneer. On March 9, 2015, the Commission issued supplemental notice to Reliance Energy, Inc. and Diamondback E&P, LLC.

On March 18, 2015, the Commission received a returned envelope addressed to Opal Resources Operating Co, LLC (“Opal”), which included the the February 27<sup>th</sup> NOH. At the hearing, the Examiners granted Pioneers request to write a letter to Opal describing the subject application, and providing up to 10 days from the date of the letter to file a protest. Pioneer did so. No protest was received by the Examiners from Opal.

The subject application is unprotested and the Examiners recommend that it be approved, as requested by Pioneer.

### **DISCUSSION OF THE EVIDENCE**

Mr. Don Burris testified on behalf Pioneer. Mr. Burris is employed at Pioneer as a Director of Downstream Planning.

#### **Applicable Rules**

16 Tex. Admin. Code §3.32 (“SWR 32”) governs the utilization for legal purposes of natural gas produced under the jurisdiction of the Railroad Commission. Titled “Exceptions,” SWR 32(h) states:

Requests for exceptions for more than 180-days and for volumes greater than 50 mcf of hydrocarbon gas per day shall be granted only in a final order signed by the commission.

#### **Application History**

Pioneer submitted a simplified copy of the March 2015 Oil Proration Schedule that included only Pioneer’s wells pertinent to the subject application. In all, the subject application includes two large “lease-blocks” and roughly 130 production wells. The lease-blocks are made of 13 “regulatory leases” and include the following Commission-designated Lease ID Nos. (P-4s): 08-38502; 38589; 38630; 38632; 39061; 39831; 39857; 39937; 40180; 40307; 40532; 40833; and 42432. In other words, the approximate 130 wells listed on the 13 named P-4s make up the flaring exception request in the subject application.

On November 26, 2013, the Commission granted Pioneer an exception to flare or vent up to 4,700,000 cubic feet of casing-head gas per day (“4,700 MCFGD”) from March 15, 2013, through December 31, 2014, for numerous wells on the subject leases.<sup>1</sup> Since December 31, 2014, many wells approved to flare casing-head gas through the November 26<sup>th</sup> Final Order have yet to be connected to a gas sales pipeline. Therefore, Pioneer seeks its previously stated relief in the instant case. By letter dated December 8, 2014, Pioneer submitted its request for hearing on the subject application.<sup>2</sup>

---

<sup>1</sup> Pioneer Exh. No. 4 – Copy of Oil & Gas Final Order 08-0281476: Approving an Exception to Statewide Rule 32 for the North University block 6 & 7 Wells and Martin County Wells, Spraberry (Trend Area) Field, Andrews and Martin County, Texas.

<sup>2</sup> Pioneer Exh. No. 1.

### Pioneer's Argument

Mr. Burris testified that Pioneer is in the process of assisting its gas purchaser, DCP Midstream, with upgrading the existing gas pipeline infrastructure in place for gathering and transporting produced casing-head gas from the subject leases.<sup>3</sup> Mr. Burris testified that as a result, Pioneer has succeeded in lowering the daily flaring/venting volumes on the subject leases from 4,700 MCFGD to about 500 MCFGD. In other words, as the subject leases' gas pipeline infrastructure continues to be improved, Pioneer will flare less and less casing-head gas. Mr. Burris estimates that the subject leases have reserves of roughly 18.1 million barrels of oil equivalent.<sup>4</sup>

Pioneer submitted a table of various P-4s that make up portions of the subject leases to show the estimated vent/flare volumes per month versus the actual vent/flare volumes observed during mid-March 2015. Mr. Burris testified that although the cumulative vent/flare volumes observed at the subject leases were only about 326 MCFGD, Pioneer seeks authority to vent/flare up to 500 MCFGD to provide flexibility during unexpected "down times" that may occur in DCP's gas gathering pipeline system.<sup>5</sup>

In summary, Pioneer requests authority to flare up to 500 MCFGD of casing-head gas from each of the 13 regulatory leases, which make up the subject block-leases, for two years from the time Pioneer's previous flaring authority expired on December 31, 2014.<sup>6</sup>

### FINDINGS OF FACT

1. Pioneer Natural Resources USA, Inc ("Pioneer") requests an exception to flare casing-head gas from the wells described on Attachment A, located on the University Block 6 and 7 Leases (the "Leases") and completed in the Spraberry (Trend Area) Field, pursuant to 16 Tex. Admin. Code §3.32 ("subject application").
2. On December 8, 2014, Pioneer submitted its request for a hearing on the merits for the subject application.
3. On February 27, 2015, Notice of Hearing was issued by the Commission for the subject application.
4. Notice of the subject application was provided to all operators that immediately offset the Leases.
5. The Leases are made of the following Commission-designated regulatory lease numbers: 08-38502; 38589; 38630; 38632; 39061; 39831; 39857; 39937; 40180; 40307; 40532; 40833; and 42432

---

<sup>3</sup> Compare Pioneer Exh. No. 6 with testimony from 12:05 through 14:00, and 18:00 through

<sup>4</sup> Compare Pioneer Exh. No. 5, Pg. 1 with testimony at 10:20 of audio recording.

<sup>5</sup> Testimony at 11:15.

<sup>6</sup> See Pioneer's Exh. No. 3, which makes-up the entire list of wells and regulatory leases that Pioneer seeks relief to in the instant case.

6. Pioneer requests authority to flare up to 500,000 cubic feet of casinghead gas per day ("500 MCFGD") from each of the 13 regulatory leases that compose the Leases for a period of two years beginning on January 1, 2015.
7. On November 26, 2013, Pioneer received Commission authority through Oil & Gas Final Order No. 08-0281476 to flare or vent up to 4,700 MCFGD of casing-head gas produced through numerous wells completed in the Spraberry (Trend Area) Field, located on the Leases, effective March 15, 2013 through December 31, 2014.
8. Pioneer has lowered its daily flaring volumes from the Leases from 4,700 MCFGD to roughly 326 MCFGD from November 2013 to March 2015.
9. Pioneer seeks authority to flare or vent up to 500 MCFGD per lease for the 13 regulatory leases that comprise the Leases due to inadequate capacity of the surrounding gas pipeline gathering and transport infrastructure.
10. Approval of the subject application is reasonable and appropriate, pursuant to 16 Tex. Admin. Code §3.32(h).

#### CONCLUSIONS OF LAW

1. Resolution of the subject application is a matter committed to the jurisdiction of the Railroad Commission of Texas – Tex. Nat. Res. Code §81.051.
2. Legally sufficient notice has been provided to all affected persons.
3. The requested authority to flare up to 500 MCFGD of casing-head gas derived from the Spraberry (Trend Area) Field, Martin County, Texas at Pioneer's 13 regulatory leases that compose the Leases for a period of two years beginning on January 1, 2015, satisfies the requirements of Title 16 TAC §3.32.

#### EXAMINERS' RECOMMENDATION

Based on the above findings of fact and conclusions of law, the examiners recommend that the Commission grant an exception to flare or vent up to 500 MCFGD of casing-head gas from each the 13 regulatory leases that make up the Leases located in the Spraberry (Trend Area) Field, Martin County, Texas, effective January 1, 2015 through January 1, 2017.

Respectfully submitted,



Brian Fancher, P.G.  
Technical Examiner



Terry Johnson  
Legal Examiner