



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL AND GAS DOCKET NO. 03-0297620

THE APPLICATION OF FORT APACHE ENERGY, INC. FOR AN EXCEPTION TO STATEWIDE RULE 32 FOR THE NORDIN LEASE, WELL NO. 1, WILDCAT FIELD, TYLER COUNTY, TEXAS

HEARD BY: Richard Eyster, P.G. - Technical Examiner
Laura Miles-Valdez - Hearings Examiner

DATE OF HEARING: November 5, 2015

CONFERENCE DATE: January 12, 2016

APPEARANCES: **REPRESENTING:**

APPLICANT: Mimi Winetroub Fort Apache Energy, Inc.

EXAMINERS' REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Fort Apache Energy, Inc. (Fort Apache) requests a 374 day exception to Statewide Rule 32 to flare gas from its Nordin Well No.1 (Nordin No. 1 Well) on the Nordin Lease, Wildcat Field, Tyler County, Texas. Fort Apache is the only operator in the subject field. The application is not protested.

DISCUSSION OF THE EVIDENCE

16 TAC §3.32(h) provides that an exception to flare casing-head gas in volumes greater than 50 MCFGD may be granted administratively for a period up to 180 days. Furthermore, flaring exceptions beyond the 180 days shall be granted only in a final order signed by the Commission. Statewide Rule 32 contains no notice of application requirements. Fort Apache obtained an administrative permit, Permit No.21187, for the Nordin No. 1 Well. The well was permitted to flare 350 thousand cubic feet per day (MCFD) for 180 days, from February 23, 2015 through August 23, 2015. On July 31, 2015, Fort Apache requested a hearing to obtain an exception by Final Order. Fort Apache is requesting a 374 day flaring exception at a rate of 150 MCFD from August 23, 2015 through August 31, 2016.

The Nordin Well No. 1 (API No. 42-457-30838) was completed on October 17, 2014 in the in the Nordin Lease, Wildcat Field, Tyler County, Texas. The Nordin No. 1 Well is located 6.6 miles southeast of the town of Warren, Texas, and approximately 2.6 miles from the nearest sales tap. The Nordin Well No. 1 was drilled and tested as an oil well producing casinghead gas.

Fort Apache stated in the hearing that the Nordin No. 1 Well is the only well in the Field and Fort Apache has no plans to drill additional wells in the field. Production from the well is estimated to be limited to five years. To tie into the nearest sales tap, Fort Apache would have to construct 2.6 miles of pipeline from the Nordin No. 1 Well. The Applicant believes it will be uneconomical to construct 2.4 miles of pipeline to the sales tap. Fort Apache estimates the cost of constructing the pipeline to be \$534,000 with a tap fee of \$120,000 plus \$2,656 per month for a compressor package, bringing the total operating cost of \$685,872 for the first year and \$31,872 per year afterwards. The Nordin Well No. 1 is estimated to generate gross revenues \$156,750 over the life of the well. The Since January of 2015 through September 2015 the Nordin No. 1 Well has produced 14,290 barrels of oil and 37,648 MCF of casinghead gas. The casinghead gas production has declined from 227.3 MCF/D in March 2015 to 125.e MCF/D in September 2015 and Fort Apache believes the volume of gas will be below 50 MCF/D within a year. The Applicant stated in the hearing that shutting in the well will cause reservoir damage and if the additional flaring time is not granted, the remaining oil reserves would have to be abandoned in place causing waste.

FINDINGS OF FACT

Proper notice of this hearing was given to all offset operators at least ten days prior to the date of hearing. There were no protests to the application.

1. The Nordin Well No. 1 (API No. 42-457-30838) was completed on October 17, 2014 in the in the Nordin Lease, Wildcat Field, Tyler County, Texas
2. Fort Apache obtained an administrative permit, Permit No.21187, for the Nordin No. 1 Well. The well was permitted to flare 350 thousand cubic feet per day (MCFD) for 180 days, from February 23, 2015 through August 23, 2015.
3. On July 31, 2015, Fort Apache requested a hearing to obtain an exception by Final Order.
4. Fort Apache is requesting a 374 day flaring exception at a rate of 150 MCFD from August 23, 2015 through August 31, 2016.
5. Production from the well is estimated to be limited to five years
6. The nearest pipeline connection is 2.6 miles from the Nordin No. 1 Well.
7. Fort Apache believes it does not have an economically feasible option for legal

8. An exception to Statewide Rule 32 to flare or vent gas will allow Fort Apache to continue to produce oil from the Nordin Lease, Wildcat Field, Tyler County, Texas, Well No. 1 will prevent waste of oil, and will not harm correlative rights.

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 a 374 day exception to Statewide Rule 32 to flare 150 MCFD from the subject well will prevent waste of oil, and 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 Fort Apache Energy, Inc an exception to flare casing-head gas from the Well No. 1 in the Nordin Lease, Wildcat Field, Tyler County, Texas at a rate of 150 MCFD from August 23, 2015 through August 31, 2016.



Richard Eyster, P.G.
Technical Examiner

Respectfully submitted,



Laura Miles-Valdez
Legal Examiner