



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL AND GAS DOCKET NO. 08-0302814

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: Richard Eyster, P.G. – Technical Examiner
Clayton J. Hoover – Administrative Law Judge

HEARING DATE: February 3, 2017

CONFERENCE DATE: February 28, 2017

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 700,000 cubic feet of gas per day ("700 MCFGD") from 13 regulatory for two years beginning on January 1, 2017.

On December 27, 2016 the Commission issued a Notice of Hearing ("NOH") for the subject application to the Service List created by Pioneer.

The subject application is unopposed and the Technical Examiner and the administrative Law Judge (collectively the "Examiners") recommend that it be approved, as requested by Pioneer.

DISCUSSION OF THE EVIDENCE

Don Burris and Becky Lackey testified on behalf Pioneer. Mr. Burris is employed at Pioneer as a Director of Downstream Planning. Ms. Lackey is employed at Pioneer as a Engineering Tech Supervisor.

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 January 1, 2017 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 156 production wells. The lease-blocks are made of 13 "regulatory leases.

On June 9, 2015, the Commission granted Pioneer an exception to flare or vent up to 500 mcf/d of casing-head gas per day from January 1, 2015 ending on January 1, 2017, for numerous wells on the subject leases.

Pioneer's Argument

Mr. Burris testified that Pioneer is in the process of tying into the Targa Pipeline which will lower the pressures on its current gas purchaser, DCP Midstream, which is still experiencing interruptions due to pressure issues.

Mr. Burris testified that although the cumulative flare volumes observed at the subject leases were only about 500 MCFGD, Pioneer seeks authority to vent/flare up to 700 MCFGD to provide flexibility during unexpected "down times" that may occur in DCP's gas gathering pipeline system and for the new wells coming on line in the next year.

In summary, Pioneer requests authority to flare up to 700 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 January 1, 2017.

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 9, 2016, Pioneer submitted its request for a hearing on the merits for the subject application.
3. On December 27, 2016, 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: 38502; 38589; 38630; 38632; 39061; 39831; 39857; 39937; 40180; 40307; 40532; 40833; and 42432
6. Pioneer requests authority to flare up to 700,000 cubic feet of casinghead gas per day (“700 MCFGD”) from each of the 13 regulatory leases that compose the Leases for a period of two years beginning on January 1, 2017.
7. On June 9, 2015, Pioneer received Commission authority through Oil & Gas Final Order No. 08-0294696 to flare or vent up to 500 MCFGD of casing-head gas produced through numerous wells completed in the Spraberry (Trend Area) Field, located on the Leases, effective January 1, 2015 through January 1, 2017.
8. Pioneer has raised its daily flaring volumes from the Leases from 500 MCFGD to roughly 700 MCFGD.
9. Pioneer seeks authority to flare or vent up to 700 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 700 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, 2017, 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, 2017 through January 1, 2019.

Respectfully submitted,



Richard Eyster, P.G.
Technical Examiner



Clayton J. Hoover
Administrative Law Judge