



# RAILROAD COMMISSION OF TEXAS

## HEARINGS DIVISION

OIL & GAS DOCKET NO. 03-0307001

---

**THE APPLICATION OF FIVE-JAB, INC. FOR EXCEPTION TO STATEWIDE RULE 32 FOR THEIR WINGATE UNIT LEASE, IN THE WINGATE (HACKBERRY) FIELD, JEFFERSON COUNTY, TEXAS**

---

**HEARD BY:** Peggy Laird, P.G. – Technical Examiner  
Jennifer Cook – Administrative Law Judge

**HEARING DATE:** November 2, 2017

**CONFERENCE DATE:** February 27, 2018

**APPEARANCES:**

**REPRESENTING:**

**APPLICANT:**

Dale E. Miller

Five-Jab, Inc.

### EXAMINERS' REPORT AND RECOMMENDATION

#### STATEMENT OF THE CASE

Five-Jab, Inc. ("Five-Jab") seeks a two-year exception to 16 Tex. Admin. Code §3.32 ("Statewide Rule 32") to flare gas from the Wingate Unit, in the Wingate (Hackberry) Field, Jefferson County, Texas. At the hearing, the operator requested the field name be corrected from the Wildcat Field as stated in the Notice of Hearing, to the Wingate (Hackberry) Field. The new oil field designation was approved on October 12, 2017. Currently, there is one well associated with the Wingate Unit. Five-Jab provided evidence that the cost to construct pipeline facilities to bring the gas to market is uneconomical. Absent authority to flare the casinghead gas, Five-Jab argued it would have to shut in the well and forego production of liquid hydrocarbons, causing waste. Therefore, Five-Jab seeks authority to flare up to 100 thousand cubic feet of casinghead gas per day ("MCFD") from the Wingate Unit from October 19, 2017 through October 18, 2019. Five-Jab is the only operator in the Wingate (Hackberry) Field, the application was not protested, and no

other parties appeared at the hearing. The Technical Examiner and Administrative Law Judge ("Examiners") recommend the exception be granted.

Statewide Rule 32 governs the utilization for legal purposes of natural gas produced under the jurisdiction of the Railroad Commission. Five-Jab seeks relief in the captioned docket pursuant to Statewide Rule 32(f)(2)(D), as follows:

*The commission or the commission's delegate may administratively grant or renew an exception to the requirements of limitations of this subsection subject to the requirements of subsection (h)... if the operator of a well or production facility presents information to show the necessity for the release...*

Statewide Rule 32(h)(4) 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.*

Because Five-Jab requests an exception for more than 180 days and to flare more than 50 mcf of casinghead gas per day, the procedure to address Five-Jab's request for an exception is through a hearing resulting in a final order signed by the Commission.

### **FINDINGS OF FACT**

1. Notice of this hearing was given to all parties entitled to notice at least ten days prior to the date of the hearing.
2. The Wingate Unit, Well No. 1 (API 42-245-32851) was completed in the Wingate (Hackberry) Field on March 27, 2017.
3. The well is located 6.48 miles east of Hamshire in Jefferson County.
4. On initial potential testing, the well produced 281 barrels of oil and 96 MCF gas for a gas-oil ratio of 341 standard cubic feet per barrel of oil.
5. Five-Jab received administrative authority (Permit No. 29832) to flare up to 100 MCFD from April 19, 2017 through October 18, 2017.
6. On September 21, 2017, Five-Jab requested a hearing to obtain continued authority to flare gas from the Unit.
7. Five-Jab demonstrated that constructing a pipeline to connect the subject lease to sales is uneconomical and would cause waste.
  - A. The nearest available pipeline is 1.5 miles from the well head.

- B. The cost to connect to this pipeline is estimated to be \$579,400 and the net ultimate gas revenue from the remaining reserves for the well is estimated to be \$9,855.
8. The requested flaring authority will allow Five-Jab to continue to produce liquid hydrocarbons from the well.
9. Five-Jab seeks authority to flare up to 100 MCFD from the Wingate Unit from October 19, 2017 through October 18, 2019.
10. At the hearing, the applicant agreed on the record that the Final Order in this case is to be effective when the Master Order is signed.

**CONCLUSIONS OF LAW**

1. All things have occurred and been accomplished to give the Commission jurisdiction in this matter. Tex. Nat. Res. Code § 81.051.
2. All notice requirements have been satisfied. 16 Tex. Admin. Code § 1.42.
3. The requested authority to flare casinghead gas satisfies the requirements of Statewide Rule 32. 16 Tex. Admin. Code § 3.32 (h).
4. Pursuant to § 2001.144(a)(4)(A) of the Texas Government Code and the agreement of the applicant, the Final Order is effective when a Master Order relating to the Final Order is signed on February 27, 2018.

**EXAMINERS' RECOMMENDATION**

The Examiners recommend approval of the application of Five-Jab, Inc. for an exception to Statewide Rule 32 for the Wingate Unit, in the Wingate (Hackberry) Field, Jefferson County, Texas.

Respectfully submitted,



Peggy Laird, P.G.  
Technical Examiner



Jennifer Cook  
Administrative Law Judge