



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL & GAS DOCKET NO. 01-0311763

THE APPLICATION OF MURPHY EXPLORATION & PRODUCTION COMPANY – USA (594675) FOR AN EXCEPTION TO STATEWIDE RULE 32 FOR THE MCADA U1H (17824) LEASE, EAGLEVILLE (EAGLE FORD-1) FIELD, ATASCOSA COUNTY, TEXAS

HEARD BY: Petar Buva – Technical Examiner
Kristi M. Reeve – Administrative Law Judge

HEARING DATE: August 31, 2018

CONFERENCE DATE: October 16, 2018

APPEARANCES: **REPRESENTING:**

APPLICANT: Murphy Exploration & Production Company - USA

Kelli Kenney (Attorney)
Nathan Bishop (Facilities Engineering Team Lead)
Butch Bennett (HSE Regulatory Advisor)

EXAMINERS' REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Murphy Exploration & Production Corporation - USA ("Murphy Exploration") is requesting a Statewide Rule 32 exception for the McAda U1H (17824) Lease, Eagleville (Eagle Ford-1) Field, Atascosa County, Texas. Notice of the application was provided to offset operators in the field and no protests to the application were received. The Technical Examiner and Administrative Law Judge (collectively, "Examiners") recommend approval of a Statewide Rule 32 exception for the flare point associated with the McAda U1H (17824) Lease as requested by Murphy Exploration.

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(j) *Opportunity for hearing* states that an operator may request a hearing on any application for an exception, or exception renewal required by this section.

Murphy Exploration requests an exception to Statewide Rule 32 for its flare located on the McAda U1H (17824) Lease, Eagleville (Eagle Ford-1) Field, Atascosa County, Texas. Murphy Exploration requests permission to flare a maximum of 55 thousand cubic feet (MCF) per day of casinghead gas for up to 206 days from June 9, 2018 to December 31, 2018.

Murphy Exploration filed a hearing request on April 27, 2018. The prior administrative flaring exception, Permit No. 31705 authorized flaring for the McAda U1H (17824) Lease from March 29, 2018 through June 8, 2018, for a total of 71 days and maximum of 53 MCF per day.

Murphy Exploration evaluated pipeline economics and established that it is not economical to produce and transport this gas to the market.

Murphy Exploration agreed that pursuant to the provisions of Texas Government Code §2001.144(a)(4)(A), this Final Order will be final and effective on the date a Master Order relating to this Final Order is signed.

FINDINGS OF FACT

1. Notice of this hearing was given to offset operators in the subject field at least ten days prior to the date of hearing. There were no protests to the application.
2. On April 27, 2018, the Commission received a hearing request from Murphy Exploration for an exception to Statewide Rule 32 for the McAda U1H (17824) Lease.
3. Murphy Exploration requests an exception to Statewide Rule 32 in the application for a period of 206 days from June 9, 2018 to December 31, 2018 to flare a maximum of 55 MCF per day of casinghead gas.
4. McAda U1H (17824) Lease was flaring under Permit No. 31705 that expired on June 8, 2018.
5. Murphy Exploration evaluated pipeline economics and established that it is not economical to produce and transport this gas to the market.
6. Murphy agreed, that, pursuant to the provisions of Texas Government Code §2001.144(a)(4)(A), this Final Order will be final and effective on the date a Master Order relating to this Final Order is signed.

CONCLUSIONS OF LAW

1. Notice was issued as required by applicable statutes and commission rules.
2. All things have occurred and been accomplished to give the Commission jurisdiction in this matter.
3. Title 16, Texas Administrative Code Section 3.32(h)(4) provides for an exception for more than 180 days and for volumes greater than 50 MCF per day.
4. Pursuant to §2001.144(a)(4)(A) of the Texas Government Code, and by agreement of the parties in writing or on the record, the Final Order will be final and effective when a Master Order relating to this Final Order is signed.

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 from June 9, 2018 to December 31, 2018 of maximum 55 MCF per day for the McAda U1H (17824) Lease, Eagleville (Eagle Ford-1) Field, Atascosa County, Texas, as requested by Murphy Exploration & Production Corporation – USA.

Respectfully submitted,



Petar Buva
Technical Examiner



Kristi M. Reeve
Administrative Law Judge