



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL & GAS DOCKET NO. 08-0314951

APPLICATION OF CHEVRON U.S.A. INC (148113) FOR AN EXCEPTION TO STATEWIDE RULE 32 FOR CORNELL KNIGHT LEASE, WELL NO. 1A, GREASEWOOD (SILURO-DEVONIAN), REEVES COUNTY, TEXAS

HEARD BY: Petar Buva – Technical Examiner
Clayton J. Hoover – Administrative Law Judge

HEARING DATE: December 17, 2018
CONFERENCE DATE: January 23, 2018

APPEARANCES: **REPRESENTING:**

APPLICANT: Chevron U.S.A. Inc.

Kelli Kenney (Attorney)
Edgar Acero (Engineer)

EXAMINERS' REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Chevron U.S.A. Inc. (148113) ("Chevron") is requesting a Statewide Rule 32 exception for the Cornell Knight Lease, Well No. 1A, in the Greasewood (Siluro-Devonian) Field, Reeves County, Texas. Notice of the application was provided to offset operators in the field and no protests were received. The application is unopposed, and the Technical Examiner and Administrative Law Judge (collectively, "Examiners") recommend approval of a Statewide Rule 32 exception for the Well No. 1A as requested by Chevron.

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.

The Commission received a hearing request for a Statewide Rule 32 exception renewal for Well No. 1A on September 10, 2018 to consider a two-year extension.

Chevron was granted Flaring Permit No. 333577, effective April 2, 2018 through October 1, 2018 to flare a maximum of 1,400 thousand cubic feet ("MCF") per day of gas for the flare point associated with Well No. 1A.

Chevron seeks authorization to flare 1,650 MCF per day from the flare point associated with Well No. 1A from October 2, 2018 through October 2, 2020. The well is connected to a salesline and the flaring will be limited to occasional upset conditions. Currently the gas plant does not have operational compressor on site, so when the pressure goes up, flaring prevents the salesline from pressure loading. Acquiring new compressor at this stage of well depletion is deemed uneconomical and curtailment of gas production by reducing production or shutting in well would result in mechanical difficulties and/or reduction of ultimate recovery from the reservoir.

Chevron agreed that pursuant to the provisions of Texas Government Code §2001.144(a)(4)(A), this Final Order can 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. The Commission received a hearing request for a Statewide Rule 32 exception the flare point associated with Well No. 1A to consider a two-year extension of the current flare permit.
3. Chevron requests an exception to Statewide Rule 32 for the flare point associated with Well No. 1A for a period of two years from October 2, 2018 through October 2, 2020 to flare a maximum of 1,650 MCF per day of gas.
4. Chevron was granted Flaring Permit No. 33577, effective April 2, 2018 through October 1, 2018 to flare a maximum of 1,650 MCF per day of casinghead gas for the flare point associated with Well No. 1A.
5. The requested Rule 32 Exception is necessary to avoid curtailment of gas production by reducing production or shutting in well, which would result in mechanical difficulties and/or reduction of ultimate recovery from the reservoir.
6. Chevron agreed in writing or on the record that, pursuant to the provisions of Texas Government Code §2001.144(a)(4)(A), this Final Order can 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. 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 by agreement of the parties in writing or on the record, the Final Order can be final and effective when a Master Order relating to this Final Order is signed.

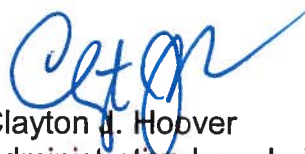
EXAMINERS' RECOMMENDATION

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 October 2 18, 2018 through October 2, 2020 of maximum 1,650 MCF per day for the for Well No. 1A, in the Greasewood (Siluro - Devonian) Field, Reeves County, Texas as requested by Chevron U.S.A. Inc.

Respectfully submitted,



Petar Buva
Technical Examiner



Clayton J. Hoover
Administrative Law Judge