



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL AND GAS DOCKET NO. 01-0280022

THE APPLICATION OF HESS CORPORATION FOR AN EXCEPTION TO 16 TAC §3.32 FOR THE HARPER RANCH LEASE, WELL NO. B-2H, BRISCOE RANCH (EAGLE FORD) FIELD, FRIO COUNTY, TEXAS

HEARD BY: Brian Fancher, P.G. - Technical Examiner
Marshall F. Enquist - Legal Examiner

DATE OF HEARING: January 24, 2013

APPEARANCES:

REPRESENTING:

APPLICANT:

David Nelson
James Reece

Hess Corporation

EXAMINERS' REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Hess Corporation ("Hess") requests an exception to 16 Texas Administrative Code §3.32 to flare casing-head gas from its Harper Ranch Lease, Well No. B-2H. All adjacent operators to the Harper Ranch Lease were included on the service list of the Notice of Hearing dated January 08, 2013 for the subject application.

This application was unopposed and the examiners recommend approval of the application, as requested by Hess.

DISCUSSION OF THE EVIDENCE

Title 16, §3.32 of the Texas Administrative Code governs the utilization for legal purposes of natural gas produced under the jurisdiction of the Railroad Commission. In the context of the subject application, Hess is requesting to flare casing-head gas produced from the Scott Schultz Lease, Well No. A-1H, as provided by 16 TAC §3.32(h).

Specifically, 16 TAC §3.32(h) provides that an exception to flare casing-head gas in volumes greater than 50 thousand cubic feet of gas per day ("MCFGPD") per well may be granted

administratively for a period up to 180 days. Beyond that, 16 TAC §3.32(h)(4) provides that exceptions beyond the 180 days shall be granted only in a final order signed by the Commission.

The Harper Ranch Lease, Well No. B-2H (API No. 42-163-33577) is completed in the Briscoe Ranch (Eagle Ford) Field located in Frio County, Texas. The Briscoe Ranch (Eagle Ford) Field is classified as an associated-prorated field, with an unlimited gas-oil ratio (“GOR”) for oil wells.

At the hearing, Hess entered into evidence an administrative permit (Permit No. 11732) that granted flaring 200 MCFGPD of casing-head gas from the subject well for 165 days. The permit went into effect July 17, 2012 and expired December 31, 2012. By letter dated December 03, 2012, Hess requested a hearing to consider an exception to 16 TAC §3.32 for the subject well, thus satisfying the requirement per 16 TAC §3.32(i)(4).

Hess submitted production plot curves that indicate daily production rates from late-July 2012 through early-January 2013, and cumulative and forecasted production from the subject well in the subject field. Hess testified that the subject well is currently shut-in; however, prior to being shut-in the subject well produced casing-head gas in volumes ranging from 5 to over 500 MCFGPD. Hess testified the subject well is currently producing at a rate of approximately 270 MCFGPD but seeks a Final Order granting 400 MCFGPD. Hess testified it believes the increase in gas volume is necessary due to the lower operating pressures of the permanent surface facilities associated with the subject well.

Hess testified it is currently awaiting the construction of a gas pipeline to be built from the subject well to the nearest gas line that transports sour-gas. Hess testified it believes the new pipeline construction will be complete by May 15, 2013.

Hess testified that due to the amount of time required to construct the gas-gathering pipeline, it requests an exception to 16 TAC §3.32 for its Harper Ranch Lease, Well No. B-2H to flare a volume of 400 MCFGPD from January 01 through May 15, 2013.

FINDINGS OF FACT

1. Proper notice of this hearing was given to all adjacent operators at least ten days prior to the date of hearing. There were no protests to the application.
2. Hess Corporation (“Hess”) seeks an exception beyond 180 days to flare casing-head gas in volumes exceeding fifty thousand cubic feet per day (“MCFGPD”) from the Harper Ranch Lease, Well No. B-2H (API No. 42-163-33577) in the Briscoe Ranch (Eagle Ford) Field.
3. The Briscoe Ranch (Eagle Ford) Field is classified as an associated-prorated field, with the unlimited net gas-oil ratio (“GOR”) authority for oil wells.

4. Hess obtained an administrative permit for 165 days to flare gas volumes greater than 50 MCFGPD from the Harper Ranch Lease, Well No. B-2H from July 17, 2012 and expired December 31, 2012.
5. Hess seeks to flare casing-head gas at a rate of 400 thousand cubic feet of gas per day from January 01, 2013 through May 15, 2013.

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 the requested authority pursuant to 16 TAC §3.32 will not harm correlative rights and will promote development of the field.

EXAMINERS' RECOMMENDATION

Based on the above findings of fact and conclusions of law, the examiners recommend that the Commission grant an exception to 16 TAC §3.32 from January 01, 2013 through May 15, 2013, for the Harper Ranch Lease, Well No. B-2H (API No. 42-163-33577) in the Briscoe Ranch (Eagle Ford) Field, as requested by Hess Corporation.

Respectfully submitted,


Brian Fancher, P.G.
Technical Examiner


Marshall F. Enquist
Legal Examiner