



# RAILROAD COMMISSION OF TEXAS

## HEARINGS DIVISION

OIL AND GAS DOCKET NO. 01-0280722

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THE APPLICATION OF MURPHY EXPLORATION & PRODUCTION CO.-USA FOR AN EXCEPTION TO STATEWIDE RULE 32 FOR THE NANCY EDMUND UNIT LEASE, WELL NO. 1H, IN THE EAGLEVILLE (EAGLE FORD-1) FIELD, ATASCOSA COUNTY, TEXAS

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HEARD BY: Andres J. Trevino, P.E. - Technical Examiner  
Marshall F. Enquist- Legal Examiner

DATE OF HEARING: March 27, 2013

APPEARANCES:

REPRESENTING:

APPLICANT:

Kelli Kenney  
Jaimee Dahl  
Kathy Hutching

Murphy Exploration & Production Co.-USA

### EXAMINERS' REPORT AND RECOMMENDATION

#### STATEMENT OF THE CASE

Murphy Exploration & Production Co.-USA ("Murphy") requests an exception to Statewide Rule 32 to flare casinghead gas from the Nancy Edmund Unit, Well No. 1H and ET Unit, Well No. 1H in the Eagleville (Eagle Ford-1) Field, Atascosa County, Texas.

Notice was provided to offset operators surrounding the above referenced leases. These applications are unopposed and the examiners recommend approval of the applications, as requested by Murphy.

### 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(h) provides that an exception to flare natural gas in volumes greater than 50 MCFGPD per well may be granted administratively for a period up to 180 days. Beyond that, Statewide Rule 32(h) provides that exceptions beyond 180 days shall be granted only in a final order signed by the Commission. In the context of the subject applications, Murphy is requesting to flare casinghead gas produced from the subject wells through September 30, 2013, as provided by Statewide Rule 32(h).

The subject wells in these applications are completed in the Eagleville (Eagle Ford-1) Field, in eastern Atascosa County, Texas. The Nancy Edmund Unit, Well No. 1H and ET Unit, Well No. 1H are located approximately 3 miles southeast of the town of Campbellton, Texas. This area of the Eagleville (Eagle Ford-1) Field lacks existing oil and gas infrastructure for new gas production. Due to the explosive, rapid rate of drilling by Murphy and numerous other operators there is a severe shortage of equipment, supplies, manpower and services available to construct and complete gas gathering pipelines.

Murphy submitted a copy of the Commission Form W-2 filed for its Nancy Edmund Unit Lease, Well No. 1H, that was completed in August 2012. The well initially produced 323 BOPD, 80 MCFGPD and 110 BWPD with a gas-oil ratio of 247 cubic feet per barrel. Murphy received administrative Permit No. 11963 to flare 400 MCFPD of casinghead gas from its Nancy Edmund Unit Lease, Well No. 1H. The permit was effective September 5, 2012, and expired on March 6, 2013, after two extensions, which totaled the maximum 180 days allowed by an administrative permit. Murphy requests to flare 200 MCFPD of casinghead gas.

Murphy submitted a copy of the Commission Form W-2 filed for its ET Unit Lease, Well No. 1H, that was completed in August 2012. The well produced 348 BOPD, 288 MCFGPD and 87 BWPD with a gas-oil ratio of 827 cubic feet per barrel. Murphy received administrative Permit No. 11964 to flare 300 MCFPD of casinghead gas from its ET Unit Lease, Well No. 1H. The permit was effective September 1, 2012, and expired on March 2, 2013, after two extensions, which totaled the maximum 180 days allowed by an administrative permit. Murphy requests to flare 200 MCFPD of casinghead gas.

Murphy requests an exception to Statewide Rule 32 to flare casinghead gas produced from the subject wells from the date the permits expire through September 30, 2013 for wells on the Nancy Edmund and ET Units. The wells on the Nancy Edmund and ET Units are awaiting the completion of the Tom Central Facility and will need until September 30 2013 for a temporary hook up to be completed. An operator is considered

temporarily compliant with Statewide Rule 32 provided they had requested a hearing anytime prior to the administratively granted permit expires and until final commission action on the hearing application. Murphy has requested a hearing for each of the subject wells before each wells' flare gas permits expired.

#### FINDINGS OF FACT

1. Proper notice of this hearing was given at least ten days prior to the date of hearing. There were no protests to the application.
2. The subject wells in this application are completed in the Eagleville (Eagle Ford-1) Field, in eastern Atascosa County, Texas.
  - a. This area of the Eagleville (Eagle Ford-1) Field lacks existing oil and gas infra-structure for new gas production.
  - b. The Nancy Edmund Unit, Well No. 1H, that was completed in August 2012 and initially produced 323 BOPD, 80 MCFGPD and 110 BWPD with a gas-oil ratio of 247 cubic feet per barrel.
  - c. The ET Unit, Well No. 1H, that was completed in August 2012 and initially produced 348 BOPD, 288 MCFGPD and 87 BWPD with a gas-oil ratio of 827 cubic feet per barrel.
3. Statewide Rule 32(h) stipulates that the Commission may administratively grant an exception to Statewide Rule 32 for a period no greater than 180 days.
  - a. Murphy received administrative Permit No. 11963 to flare 400 MCFPD of casinghead gas from its Nancy Edmund Unit, Well No. 1H. The permit was effective September 5, 2012, and expired on March 6, 2013, after two extensions, which totaled the maximum 180 days allowed by an administrative permit. Murphy requests to flare 200 MCFPD of casinghead gas.
  - b. Murphy received administrative Permit No. 11964 to flare 300 MCFPD of casinghead gas from its ET Unit, Well No. 1H. The permit was effective September 1, 2012, and expired on March 2, 2013, after two extensions, which totaled the maximum 180 days allowed by an administrative permit. Murphy requests to flare 200 MCFPD of casinghead gas.
4. An exception to Statewide Rule 32 through September 30 2013 for the subject wells will give Murphy time to complete the wells hook up to the Tom Central Facility.

5. An exception to Statewide Rule 32 through September 30 2013 for the subject wells to flare casinghead gas is appropriate.
  - a. For its Nancy Edmund Unit, Well No. 1H, Murphy requests to flare 200 MCFPD of casinghead gas.
  - b. For its ET Unit, Well No. 1H, Murphy requests to flare 200 MCFPD of casinghead gas.
  - c. An operator is considered compliant with Statewide Rule 32 provided they had requested a hearing anytime prior to the administratively granted permit expires. Murphy has requested a hearing for each of the subject wells before each wells' flare gas permit expired.

**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 Statewide Rule 32 will prevent waste, 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 Statewide Rule 32 through September 30 2013, for the subject wells in the Eagleville (Eagle Ford-1) Field, as requested by Murphy Exploration & Production Co.-USA.

Respectfully submitted,



Andres J. Trevino, P.E.  
Technical Examiner



Marshall F. Enquist  
Legal Examiner