



# RAILROAD COMMISSION OF TEXAS

## HEARINGS DIVISION

OIL AND GAS DOCKET NO. 01-0281312

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THE APPLICATION OF MURPHY EXPLORATION & PRODUCTION CO.-USA FOR AN EXCEPTION TO STATEWIDE RULE 32 FOR THE EL REGALO BUCKHORN LEASE, WELL NOS. 1H AND 2H, BRISCOE RANCH (EAGLEFORD) FIELD, DIMMIT COUNTY, TEXAS

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OIL AND GAS DOCKET NO. 01-0281316

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THE APPLICATION OF MURPHY EXPLORATION & PRODUCTION CO.-USA FOR AN EXCEPTION TO STATEWIDE RULE 32 FOR THE STUMBERG ESTATE LEASE, WELL NOS. 1H, 2H, 3H AND 4H, BRISCOE RANCH (EAGLEFORD) FIELD, DIMMIT COUNTY, TEXAS

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HEARD BY: Richard D. Atkins, P.E. - Technical Examiner  
Terry Johnson - Legal Examiner

DATE OF HEARING: April 12, 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 El Regalo Buckhorn Lease, Well Nos. 1H and 2H, and Stumberg Estate Lease, Well Nos. 1H, 2H, 3H and 4H, Briscoe Ranch (Eagleford) Field, Dimmit County, Texas.

Notice was provided to offset operators surrounding the above referenced leases. These applications are unopposed and the examiners recommend approval of the exceptions to Statewide Rule 32 to flare casinghead gas, 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 from the date the administrative permits expire through December 31, 2013, as provided by Statewide Rule 32(h).

The subject wells in these applications are completed in the Briscoe Ranch (Eagleford) Field, in eastern Dimmit County, Texas, and are located approximately 5 miles northwest of the town of Catarina, Texas. This area of the Briscoe Ranch (Eagleford) Field lacks existing oil and gas infra-structure 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 El Regalo Buckhorn Lease, Well No. 1H, that was completed in August 2012. The well produced 261 BOPD, 109 MCFGPD and 100 BWPD with a gas-oil ratio of 417 cubic feet per barrel. Murphy received administrative Permit No. 12198 to flare 410 MCFPD of casinghead gas from the well. The permit was effective October 15, 2012, and expired on April 16, 2013, after three extensions, which totaled the maximum 180 days allowed by an administrative permit. Murphy requests to flare a maximum of 410 MCFPD of casinghead gas.

Murphy submitted a copy of the Commission Form W-2 filed for its El Regalo Buckhorn Lease, Well No. 2H, that was completed in September 2012. The well produced 291 BOPD, 181 MCFGPD and 165 BWPD with a gas-oil ratio of 621 cubic feet per barrel. Murphy received administrative Permit No. 12199 to flare 350 MCFPD of casinghead gas from the well. The permit was effective October 15, 2012, and expired on April 16, 2013, after three extensions, which total the maximum 180 days allowed by an administrative permit. Murphy requests to flare a maximum of 350 MCFPD of casinghead gas.

Murphy submitted a copy of the Commission Form W-2 filed for its Stumberg Estate Lease, Well No. 1H, that was completed in October 2012. The well produced 311 BOPD, 188 MCFGPD and 340 BWPD with a gas-oil ratio of 604 cubic feet per barrel. Murphy received administrative Permit No. 12336 to flare 400 MCFPD of casinghead gas from the well. The permit was effective November 24, 2012, and expires on May 26, 2013, after

three extensions, which totaled the maximum 180 days allowed by an administrative permit. Murphy requests to flare a maximum of 400 MCFPD of casinghead gas.

Murphy submitted a copy of the Commission Form W-2 filed for its Stumberg Estate Lease, Well No. 2H, that was completed in October 2012. The well produced 305 BOPD, 156 MCFGPD and 338 BWPD with a gas-oil ratio of 511 cubic feet per barrel. Murphy received administrative Permit No. 12335 to flare 325 MCFPD of casinghead gas from the well. The permit was effective November 24, 2012, and expires on May 26, 2013, after three extensions, which total the maximum 180 days allowed by an administrative permit. Murphy requests to flare a maximum of 325 MCFPD of casinghead gas.

Murphy submitted a copy of the Commission Form W-2 filed for its Stumberg Estate Lease, Well No. 3H, that was completed in October 2012. The well produced 214 BOPD, 130 MCFGPD and 349 BWPD with a gas-oil ratio of 607 cubic feet per barrel. Murphy received administrative Permit No. 12334 to flare 430 MCFPD of casinghead gas from the well. The permit was effective November 25, 2012, and expires on May 27, 2013, after three extensions, which total the maximum 180 days allowed by an administrative permit. Murphy requests to flare a maximum of 430 MCFPD of casinghead gas.

Murphy submitted a copy of the Commission Form W-2 filed for its Stumberg Estate Lease, Well No. 4H, that was completed in October 2012. The well produced 288 BOPD, 159 MCFGPD and 334 BWPD with a gas-oil ratio of 552 cubic feet per barrel. Murphy received administrative Permit No. 12337 to flare 625 MCFPD of casinghead gas from the well. The permit was effective November 25, 2012, and expires on May 27, 2013, after three extensions, which total the maximum 180 days allowed by an administrative permit. Murphy requests to flare a maximum of 430 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 administrative permits expire through December 31, 2013. The wells are awaiting the completion of the KBS Facility to deliver gas to the purchaser, Energy Transfer Company. Murphy needs until December 31, 2013, for a temporary hook up to be completed. An operator is considered temporarily compliant with Statewide Rule 32 until final Commission action on the hearing application if it has requested a hearing prior to the expiration of the administratively granted permit. Murphy has requested a hearing for each of the subject wells before each wells' administrative flare permit 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 Briscoe Ranch (Eagleford) Field, in eastern Dimmit County, Texas.

- a. This area of the Briscoe Ranch (Eagleford) Field lacks existing oil and gas infra-structure for new gas production.
  - b. The El Regalo Buckhorn Lease, Well No. 1H, was completed in August 2012 and produced 261 BOPD, 109 MCFGPD and 100 BWPD with a gas-oil ratio of 417 cubic feet per barrel.
  - c. The El Regalo Buckhorn Lease, Well No. 2H, completed in September 2012 and produced 291 BOPD, 181 MCFGPD and 165 BWPD with a gas-oil ratio of 621 cubic feet per barrel.
  - d. The Stumberg Estate Lease, Well No. 1H, was completed in October 2012 and produced 311 BOPD, 188 MCFGPD and 340 BWPD with a gas-oil ratio of 604 cubic feet per barrel.
  - e. The Stumberg Estate Lease, Well No. 2H, was completed in October 2012 and produced 305 BOPD, 156 MCFGPD and 338 BWPD with a gas-oil ratio of 511 cubic feet per barrel.
  - f. The Stumberg Estate Lease, Well No. 3H, was completed in October 2012 and produced 214 BOPD, 130 MCFGPD and 349 BWPD with a gas-oil ratio of 607 cubic feet per barrel.
  - g. The Stumberg Estate Lease, Well No. 4H, was completed in October 2012 and produced 288 BOPD, 159 MCFGPD and 334 BWPD with a gas-oil ratio of 552 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 Exploration & Production Co.-USA ("Murphy") received administrative Permit No. 12198 to flare 410 MCFPD of casinghead gas from the El Regalo Buckhorn Lease, Well No. 1H. The permit was effective October 15, 2012, and expired on April 16, 2013, after three extensions, which totaled the maximum 180 days allowed by an administrative permit.
  - b. Murphy received administrative Permit No. 12199 to flare 350 MCFPD of casinghead gas from the El Regalo Buckhorn Lease, Well No. 2H. The permit was effective October 15, 2012, and expired on April 16, 2013, after three extensions, which totaled the maximum 180 days allowed by an administrative permit.

- c. Murphy received administrative Permit No. 12336 to flare 400 MCFPD of casinghead gas from the Stumberg Estate Lease, Well No. 1H. The permit was effective November 24, 2012, and expires on May 26, 2013, after three extensions, which totaled the maximum 180 days allowed by an administrative permit.
  - d. Murphy received administrative Permit No. 12335 to flare 325 MCFPD of casinghead gas from the Stumberg Estate Lease, Well No. 2H. The permit was effective November 24, 2012, and expires on May 26, 2013, after three extensions, which totaled the maximum 180 days allowed by an administrative permit.
  - e. Murphy received administrative Permit No. 12334 to flare 430 MCFPD of casinghead gas from Stumberg Estate Lease, Well No. 3H. The permit was effective November 25, 2012, and expires on May 27, 2013, after three extensions, which total the maximum 180 days allowed by an administrative permit.
  - f. Murphy received administrative Permit No. 12337 to flare 625 MCFPD of casinghead gas from the Stumberg Estate Lease, Well No. 4H. The permit was effective November 25, 2012, and expires on May 27, 2013, after three extensions, which total the maximum 180 days allowed by an administrative permit.
4. An exception to Statewide Rule 32 from the date the administrative permits expire through December 31, 2013, for the subject wells will give Murphy time to complete the hook up of the wells to the KBS Facility to deliver gas to the purchaser, Energy Transfer Company.
  5. An exception to Statewide Rule 32 from the date the administrative permits expire through December 31, 2013, for the subject wells to flare casinghead gas is appropriate.
    - a. For its El Regalo Buckhorn Lease, Well No. 1H, Murphy requests to flare a maximum of 410 MCFPD of casinghead gas.
    - b. For its El Regalo Buckhorn Lease, Well No. 2H, Murphy requests to flare a maximum of 350 MCFPD of casinghead gas.
    - c. For its Stumberg Estate Lease, Well No. 1H, Murphy requests to flare a maximum of 400 MCFPD of casinghead gas.
    - d. For its Stumberg Estate Lease, Well No. 2H, Murphy requests to flare a maximum of 325 MCFPD of casinghead gas.

- e. For its Stumberg Estate Lease, Well No. 3H, Murphy requests to flare a maximum of 430 MCFPD of casinghead gas.
  - f. For its Stumberg Estate Lease, Well No. 4H, Murphy requests to flare a maximum of 430 MCFPD of casinghead gas.
6. An operator is considered temporarily compliant with Statewide Rule 32 until final Commission action on the hearing application if it has requested a hearing prior to the expiration of the administratively granted permit. Murphy has requested a hearing for each of the subject wells before each wells' administrative flare 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 from the date the administrative flare permits expire through December 31, 2013, for the subject wells, in the Briscoe Ranch (Eagleford) Field, as requested by Murphy Exploration & Production Co.-USA.

Respectfully submitted,

  
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Technical Examiner

  
Terry Johnson  
Legal Examiner