



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL AND GAS DOCKET NO. 08-0281703

THE APPLICATION OF CLAYTON WILLIAMS ENERGY, INC. FOR AN EXCEPTION TO STATEWIDE RULE 32 FOR VARIOUS LEASES, SPRABERRY (TREND AREA) FIELD, ANDREWS COUNTY, TEXAS

HEARD BY: Richard D. Atkins, P.E. - Technical Examiner
Marshall F. Enquist - Legal Examiner

HEARING DATE: April 24, 2013

APPEARANCES: **REPRESENTING:**

APPLICANT:

John Soule
Keith Valentine
Betsy Luna
Rick Boring

Clayton Williams Energy, Inc.

EXAMINERS' REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Clayton Williams Energy, Inc. ("Williams") requests an exception to Statewide Rule 32 to flare or vent gas from various leases at twelve flare points shown in Exhibit A, Spraberry (Trend Area) Field, Andrews County, Texas.

All offset operators in the subject field were notified of the hearing, there were no objections filed and no protestant appeared at the hearing.

The application is unopposed and the examiners recommend approval of the exception to Statewide Rule 32 to flare or vent gas for the subject wells, as requested by Williams.

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 application, Williams is requesting to flare or vent gas from various leases at twelve flare points shown in Exhibit A from the date of the hearing through December 31, 2013, as provided by Statewide Rule 32(h).

The 183 wells located on the 43 subject leases in this application are completed in the Spraberry (Trend Area) Field in eastern Andrews County, Texas. The wells are located approximately 10 miles east of the town of Andrews, Texas. Williams stated that it has a signed gas sales contract with DCP Midstream, LP ("DCP") and was delivering approximately 8.5 MMCFGPD to DCP. However, due to the rapid development drilling activity in the area, DCP's gathering system has become overloaded. As a result, Williams and other operators in the area have been curtailed until DCP can install additional pipeline capacity and compression. DCP anticipates completing construction on the gas gathering pipeline expansion by December 31, 2013. Williams requests to flare or vent up to 2.5 MMCFGPD from various leases at twelve flare points shown in Exhibit A from the date of the hearing through December 31, 2013.

FINDINGS OF FACT

1. Proper notice of this hearing was given to all offset operators at least ten days prior to the date of hearing. There were no protests to the application.
2. The 183 wells located on the 43 subject leases in this application are completed in the Spraberry (Trend Area) Field in eastern Andrews County, Texas.
 - a. The wells are located approximately 10 miles east of the town of Andrews, Texas.
 - b. Clayton Williams Energy, Inc. ("Williams") has a signed gas sales contract with DCP Midstream, LP ("DCP") and was delivering approximately 8.5 MMCFGPD to DCP.
 - c. Due to the rapid development drilling activity in the area, DCP's gathering system has become overloaded.

- d. As a result, Williams and other operators in the area have been curtailed until DCP can install additional pipeline capacity and compression.
 - e. DCP anticipates completing construction on the gas gathering pipeline expansion by December 31, 2013.
3. An exception to Statewide Rule 32 to flare or vent up to 2.5 MMCFGPD from various leases at twelve flare points shown in Exhibit A from the date of the hearing through December 31, 2013, is appropriate.

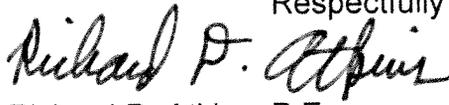
CONCLUSIONS OF LAW

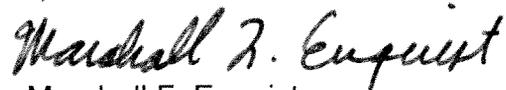
- 1. Proper notice was issued as required by all applicable statutes and regulatory codes.
- 2. All things have occurred and been accomplished to give the Commission jurisdiction in this matter.
- 3. Approval of the requested exception to Statewide Rule 32 to flare or vent gas from the subject leases 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 for the subject leases, as requested by Clayton Williams Energy, Inc.

Respectfully submitted,


Richard D. Atkins, P.E.
Technical Examiner


Marshall F. Enquist
Legal Examiner *by RDA*

CLAYTON WILLIAMS ENERGY, INC. (924624)
 HEARING APPLICATION - SWR 32 FLARED GAS
 Oil & Gas Docket No. 08-0281703
 ANDREWS COUNTY - DIST 08
 SPRABERRY (TREND AREA) FIELD

FLARE/VENT POINT	LEASE NAME	RRC ID #
	FLARE LOCATED @ BLOCK 5 COMPRESSOR STATION (between AU 28 #8 & #4) off of CR #201 & Hwy 115	
#1	ANDREWS UNIVERSITY 10	40042
	ANDREWS UNIVERSITY 15	40517
	ANDREWS UNIVERSITY 16	39318
	ANDREWS UNIVERSITY 16B	40055
	ANDREWS UNIVERSITY 17	39876
	ANDREWS UNIVERSITY 20	38917
	ANDREWS UNIVERSITY 21	38731
	ANDREWS UNIVERSITY 28	38985
	ANDREWS UNIVERSITY 29	39522
	ANDREWS UNIVERSITY 32	39746
	ANDREWS UNIVERSITY 33	38863
	FLARE LOCATED AT ANDREWS UNIVERSITY 26-4 #1 BATTERY - LAT 32.42338406 LONG - 102.41614416	
#2	ANDREWS UNIVERSITY 37	39942
	ANDREWS UNIVERSITY 31	40557
	ANDREWS UNIVERSITY 36	40563
	SAMSON UNIVERSITY 13	40843
	SAMSON UNIVERSITY 14	40780
	SAMSON UNIVERSITY 24 CP #6265	40871
	SAMSON UNIVERSITY 25	40936
	SAMSON UNIVERSITY 23, CP 6265	41027
	ANDREWS UNIVERSITY 26-4	41142
#3	ANDREWS UNIVERSITY 25-5 (vented)	41130
	ANDREWS FEE FLARE LOCATED AT THE MITCHELL BATTERY (#2 WELL) LAT 32° 16' 43.442"N, 102° 26' 57.827"W	
#4	LEASE NAME	RRC ID #
	ANDREWS FEE 22	40134
	ALLBRITTON	40002
	ALLBRITTON "B"	40921
	COVINGTON "33"	40226
	COVINGTON "33" B	40784
	FOREMAN 29-32	40624
	GALLOWAY	41658
	KILLIAN	41770
	KOLB "31-5"	40516
	KOLB "B" #1 & 2	DP #725908 & 739844
	MITCHELL	41137
	ORSON 27	40430
	SAMSON UNIV LEASE FLARE LOCATED AT THE SAMSON UNIV 6 #6 WELL LAT 32.36955688°N 102.46994970°W	
#5	SAMSON UNIVERSITY 5	41153
	SAMSON UNIVERSITY 6	40950
	SAMSON UNIVERSITY 7	40864
	SAMSON UNIVERSITY 8	40152
	SAMSON UNIVERSITY 9	40534
#6	SAMSON UNIVERSITY 15	40618
#7	SAMSON UNIVERSITY 16	40687
#8	ANDREWS UNIVERSITY 41-32	41394
#9	ANDREWS UNIVERSITY 42	42258
#10	STRIP 3	41757
#11	ANDREWS UNIVERSITY 31-4	DP #708098
#12	SAMSON UNIVERSITY 18 (vented)	40896

EXHIBIT A