



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL AND GAS DOCKET NO. 08-0290485

**THE APPLICATION OF ENDEAVOR ENERGY RESOURCES, LP FOR AN
EXCEPTION TO STATEWIDE RULE 32 FOR THE PAUL LEASE, WELL NO. 1,
TWO GEORGES (BONE SPRING) FIELD, WINKLER COUNTY, TEXAS**

HEARD BY: Paul Dubois- Technical Examiner
Laura Miles-Valdez - Hearings Examiner

REPORT PREPARED BY: Richard Eyster, P.G.

DATE OF HEARING: December 11, 2014

CONFERENCE DATE: March 10, 2015

APPEARANCES: **REPRESENTING:**

APPLICANT:

Tim George
Mimi Winetraub

Endeavor Energy Resources, LP

EXAMINERS' REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Endeavor Energy Resources, LP ("Endeavor") requests an exception to Statewide Rule 32 (16 Texas Administrative Code §3.32) to flare gas from the Paul Lease, Well No. 1, in the Two Georges (Bone Spring) Field, Winkler County, Texas. Endeavor requests authority to flare 100 thousand cubic feet (MCF) of gas per day from July 1, 2014, through August 31, 2014. The lease is now connected to a pipeline and there is no continuing need to flare gas.

All offset operators in the field were notified of the hearing, and the application is not protested. The Examiners recommend the exception be granted, but with a revised date of July 9, 2014, through August 31, 2014, because Endeavor did not request a hearing on the matter until July 9, 2014.

MATTERS OFFICIALLY NOTICED

The Examiners take official notice of Commission online production disposition records for the subject Paul Lease (No. 44733), and online completion records for Well No. 1 (API No. 42-495-30866). The Examiners take official notice of Commission records for Flare Permit No. 12527, effective for 150 days from January 1, 2013, through June 1, 2013, for Endeavor's Paul Lease.

DISCUSSION OF THE EVIDENCE

Endeavor seeks an exception to Statewide Rule 32 to flare casinghead gas from its Paul Lease, Well No. 1. In October 2012, Endeavor re-entered a plugged well and completed it in the Two Georges (Bone Spring) Field. On initial potential testing the well produced 48 barrels of oil (BO) and 1,083 thousand cubic feet (MCF) gas.

Certain relevant information regarding the history of the well and prior flaring authority was not offered into evidence by Endeavor at the hearing. After the hearing the Examiners discovered Commission records indicating Endeavor received authority to flare 70 MCF gas from the well from January 1, 2013, through June 1, 2013, for a total of 150 days (Permit No. 12527). The flare was a temporary unit to dispose of gas while a right-of-way was obtained and a transfer line constructed. Commission production data for the lease confirmed gas was flared during this time, but gas disposition was not reported as flared after the authority ended.

Later, Endeavor acquired a second administrative permit to flare gas (Permit No. 15544) from the Paul Lease, Well No. 1. Permit No. 15544 was issued to Endeavor authorizing flaring for 180 days, from December 1, 2013, through July 1, 2014. The authorized rate was 100 MCF per day. This exception was sought due to high line pressure in the existing gas system. Endeavor began work to improve the service as a result of the high line pressure. The Two Georges Bone Spring Field is experiencing rapid development and there is currently insufficient gas gathering and pipeline transmission capacity. Endeavor is working with Regency Field Services, LLC, (Regency) to install additional pipeline and compression facilities. Once the additional pipeline and compression facilities are installed there will no longer be a need for flaring from the lease.

Administrative Permit No. 15544 expired on July 1, 2014. By letter dated July 9, 2014, and received by the Commission on July 11, 2014, Endeavor requested a hearing to extend the flaring authority through August 31, 2014. The additional flaring time requested was necessary while Regency's pipelines and compression equipment were installed and could be hooked up to the lease.

Endeavor and Regency completed the installation of pipeline and compression facilities to the Paul Lease, Well No. 1. Endeavor's need to flare gas ended on August 31, 2014. From July 1, 2014, through October 31, 2014, Endeavor flared 3,286 MCF gas from this lease. Endeavor now requests that the flaring authority be granted to cover the gas

that was flared during this two-month time period.

The Examiners note that there is no explanation in the record regarding why two different exceptions to Statewide Rule 32 had been sought by Endeavor (Permit No. 12527 was in effect for 150 days, and Permit no. 15544 was in effect for 180 days). Statewide Rule 32 limits administrative exceptions to a maximum of 180 days. In this matter, Endeavor is seeking a limited exception to cover a finite amount of gas (3,286 MCF) flared for a two-month period in July and August 2014. However, Endeavor's request for the hearing was received after the second administrative permit had expired. The Examiners therefore find it inappropriate to provide flaring authority for the period from July 1, 2014, through July 9, 2014, during which no existing authority was in effect.

FINDINGS OF FACT

1. Proper notice of this hearing was given to offset operators at least ten days prior to the date of hearing. There were no protests to the application.
2. Endeavor re-entered and re-completed the Paul Lease Well No. 1 in October 2012.
3. Endeavor obtained administrative authority (Permit No. 12527) to flare 70 MCF gas from the well from January 1, 2013 through June 1, 2013, for a period of 150 days.
4. Endeavor obtained a second administrative permit (No. 15544) to flare 100 MCF gas from January 1, 2014, through July 1, 2014, for a period of 180 days.
5. On July 9, 2014, Endeavor requested a hearing to extend the flaring authority to August 31, 2014.
6. From July 1, 2014, through August 31, 2014, Endeavor flared 3,286 MCF gas from the well.
7. The well was connected to a pipeline on August 31, 2014, terminating the need to flare gas from the well.

CONCLUSIONS OF LAW

1. Resolution of the subject application is a matter committed to the jurisdiction of the Railroad Commission of Texas. Tex. Nat. Res. Code § 81.051
2. All notice requirements have been satisfied. 16 Tex. Admin. Code § 1.45

3. The requested authority to flare 100 MCFG per day, but not to exceed a total of 3,286 MCF gas, from Endeavor Energy Resources, LP's Paul Lease, Well No. 1, during the time period from July 9, 2014 through August 31, 2014, satisfies the requirements of Title 16, Texas Administrative Code §3.32.

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 authorizing Endeavor Energy, LP to flare gas from its Paul Lease, Well No. 1, Two Georges (Bone Spring) Field, at a rate of up to 100 MCF per day, and for a total volume not to exceed 3,286 MCF, from July 9, 2014, to August 31, 2014.

Respectfully submitted,


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