



# RAILROAD COMMISSION OF TEXAS

## HEARINGS DIVISION

OIL & GAS DOCKET NO. 08-0300770

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**THE APPLICATION OF PARSLEY ENERGY OPERATIONS, LLC FOR AN EXCEPTION TO STATEWIDE RULE 32 TO FLARE GAS FOR THE TREES STATE 16 LEASE, WELL NO. 1H, PHANTOM (WOLFCAMP) FIELD, PECOS COUNTY, TEXAS**

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**HEARD BY:** Peggy Laird, P.G. – Technical Examiner  
Jennifer Cook – Administrative Law Judge

**HEARING DATE:** July 27, 2016

**CONFERENCE DATE:** January 24, 2017

**APPEARANCES:**

**REPRESENTING:**

**APPLICANT:**

Kelli Kenney  
Jody Jordan

Parsley Energy Operations, LLC

### EXAMINERS' REPORT AND RECOMMENDATION

#### STATEMENT OF THE CASE

Parsley Energy Operations, LLC ("Parsley") seeks an exception to Statewide Rule 32 (16, Tex. Admin. Code §3.32) to flare gas from the Trees State 16 Lease, Well No.1H, Phantom (Wolfcamp) Field, Pecos County, Texas. All offset operators in the subject field were notified of the hearing. There were no objections filed, and no protestants appeared at the hearing. The Technical Examiner and Administrative Law Judge (collectively, "Examiners") recommend approval of the exception to Statewide 32.

#### 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 MCF per day may be granted administratively for a period up to 180 days. Beyond that, Statewide Rule 32(h) provides that exceptions shall be granted only in a final order signed by the Commission. Parsley was granted a permit to flare casinghead gas that will be expiring. Parsley is requesting an exception to Statewide 32 to flare casinghead gas for an additional period until appropriate pipeline connections can be completed.

The Trees State 16, Well No. 1H, was completed November 1, 2015. The initial potential test for Well No. 1H was conducted on December 8, 2015, and reported oil production was 1,286 barrels of oil per day and gas production was 868 thousand cubic feet of gas per day ("MCFD").

Parsley received administrative authority (Permit No. 25099) to flare up to 750 MCFD for 90 days from December 21, 2015 through March 20, 2016, and to flare up to 500 MCFD for 90 days from March 19, 2016 through June 18, 2016. The Commission received a hearing request on May 26, 2016, for an exception to Statewide Rule 32 for the subject lease and well.

The existing infrastructure is unable to accommodate gas sales from the subject well. Parsley secured a market with the Brazos Midstream Comanche Plant, currently under construction. Brazos is in the process of acquiring the right of way to build a new pipeline to the subject well. Parsley reported the anticipated date to connect with the Brazos pipeline is November 2016, under best conditions. Parsley provided an economic summary that showed a potential loss of \$827,730, if the well is shut in while waiting for the pipeline to be completed.

Parsley is requesting authority to flare up to 350 MCFD from June 18, 2016 through January 31, 2017, at which time connections to the pipeline gathering system for sales should be completed.

### FINDINGS OF FACT

1. Notice of this hearing was given to all parties entitled to notice at least ten days prior to the date of the hearing. There were no protests to the application.
2. The subject well received an administrative permit to flare casinghead gas for 180 days.
3. Parsley is committed to a gas gatherer, Brazos, who is in the process of constructing a new plant and pipeline.
4. Parsley could experience a loss of \$827,730, if the well is shut in while waiting for the pipeline to be completed.

### CONCLUSIONS OF LAW

1. All things have occurred and been accomplished to give the Commission jurisdiction in this matter. Tex. Nat. Res. Code § 81.051.
2. Proper notice of this hearing was given to all parties entitled to notice at least 10 days prior to the hearing. 16 Tex. Admin. Code § 3.32.
3. The requested exception to flare casinghead gas meets the requirements of Statewide Rule 32. 16 Tex. Admin. Code § 3.32(h).

### 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 lease and well, as requested by Parsley Energy Operations, LLC.

Respectfully submitted,



Peggy Laird, P.G.  
Technical Examiner



Jennifer Cook  
Administrative Law Judge