



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL & GAS DOCKET NO. 08-0305562

THE APPLICATION OF PDC PERMIAN, INC. FOR AN EXCEPTION TO STATEWIDE RULE 32 FOR MULTIPLE FACILITIES, PHANTOM (WOLFCAMP) FIELD, REEVES COUNTY, TEXAS

HEARD BY: Paul Dubois – Technical Examiner
Clayton J. Hoover – Administrative Law Judge

HEARING DATE: August 7, 2017

CONFERENCE DATE: September 19, 2017

APPEARANCES:

APPLICANT:

Kelli Kenney
Collin Placke
Kait Schwartz

REPRESENTING:

PDC Permian, Inc.

EXAMINERS' REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Pursuant to Statewide Rule 32 (16 Tex. Admin. Code §3.32), PDC Permian, Inc. ("PDC") seeks authority to flare casinghead gas from six facilities serving nine leases in the Phantom (Wolfcamp) Field, Reeves County, Texas. The PDC facilities are located more than 15 miles northwest of Pecos, Texas, in an area that is undergoing rapid development with little existing gas infrastructure. PDC is making infrastructure improvements in the area, and working with existing gas gatherers to increase capacity. In December 2016 PDC was flaring about 54 percent of the produced gas, and by June 2017 it had reduced flare volumes to about 7 percent of produced gas. PDC is requesting authority to continue to flare up to 25,850 cubic feet ("mcf") of gas per month (about 861 mcf per day) from the six subject facilities for a period of two years, on a monthly basis as follows:

- 15,000 mcf per month from the Atlantis 59-10 Lease (Permit No. 29160)
- 1,750 mcf per month from the Liam State 53-10 Lease (Permit No. 28908)

- 3,000 mcf per month from the Ranger 56-40 Lease (Permit No. 29255)
- 1,750 mcf per month from the Ron 56-8 Unit (Permit No. 29161)
- 1,850 mcf per month from the Tisdale Lease (Permit No. 29159)
- 2,500 mcf per month Wilson Battery (Permit No. 29155)

The application was not protested. The Examiners recommend an exception to Statewide Rule 32 be granted to PDC as requested.

Generally, Statewide Rule 32 governs the utilization for legal purposes of natural gas produced under the jurisdiction of the Railroad Commission. PDC seeks relief in the captioned docket pursuant to Statewide Rule 32(f)(2)(D), as follows:

The commission or the commission's delegate may administratively grant or renew an exception to the requirements of limitations of this subsection subject to the requirements of subsection (h)...if the operator of a well or production facility presents information to show the necessity for the release...

Statewide Rule 32(h)(4) states:

Requests for exceptions for more than 180-days and for volumes greater than 50 mcf of hydrocarbon gas per day shall be granted only in a final order signed by the commission.

Because PDC requests exceptions for more than 180 days and to flare more than 50 mcf of hydrocarbon gas per day, the procedure to address PDC's request for an exception is through a hearing resulting in a final order signed by the Commission.

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.
2. PDC Permian, Inc. operates the six subject facilities serving nine leases in the Phantom (Wolfcamp) Field, Reeves County, Texas.
3. The PDC facilities are located about 15 miles northwest of Pecos, Texas, in an area that is undergoing rapid development with little existing gas infrastructure.
4. PDC has obtained administrative authority to flare gas from the subject facilities as follows:

- a. For the Atlantis 59-10 Lease, Permit No. 29160 authorized PDC to flare up to 2,000 mcf gas per day from January 7, 2017 through July 26, 2017.
 - b. For the Liam State 53-12 Lease, Permit No. 28908 authorized PDC to flare up to 2,000 mcf gas per day from January 26, 2017 through August 4, 2017.
 - c. For the Ranger 56-40 Lease, Permit No. 29255 authorized PDC to flare up to 2,000 mcf gas per day from February 3, 2017 through September 14, 2017.
 - d. For the Ron 56-8 Unit, Permit No. 29161 authorized PDC to flare up to 2,000 mcf gas per day from January 7, 2017 through July 20, 2017.
 - e. For the Tisdale Lease, Permit No. 29159 authorized PDC to flare up to 2,000 mcf gas per day from January 7, 2017 through July 24, 2017.
 - f. For the Wilson Battery (Commingled Permit No. 7285), Permit No. 29155 authorized PDC to flare up to 2,000 mcf gas per day from January 1, 2017 through July 2, 2017.
5. On June 23, 2017, PDC requested a hearing to extend the flaring authority for the six permitted facilities.
 6. PDC is making infrastructure improvements in the area, and working with existing gas gatherers to increase capacity.
 7. In December 2016 PDC flared about 54 percent of the gas produced through the subject facilities.
 8. By June 2017 PDC had reduced flare volumes to about 7 percent of produced gas.
 9. PDC requests authority to flare gas as needed from the six facilities for a period of two years.
 10. An exception to flare the gas will enable PDC to continue to produce liquid hydrocarbons from the nine leases being served by the six facilities while additional system improvements are made.
 11. At the hearing, the applicant agreed on the record that a Final Order in this case is to be effective when the Master Order is signed.

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 §§1.43 and 1.45.
3. The requested authority to flare casinghead gas satisfies the requirements of Title 16, Texas Administrative Code 3.32(h).
4. Pursuant to §2001.144(a)(4)(A), of the Texas Government Code, and the agreement of the applicant, this Final Order is effective when a Master Order relating to this Final Order is signed on September 19, 2017.

EXAMINERS' RECOMMENDATION

The Examiners recommend approval of the application of PDC Permian, Inc. for an exception to Statewide Rule 32 for six facilities serving nine leases in the Phantom (Wolfcamp) Field, Reeves County, Texas.

Respectfully submitted,



Paul Dubois
Technical Examiner



Clayton J. Hoover
Administrative Law Judge