



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL & GAS DOCKET NO. 08-0304900

THE APPLICATION OF SHELL WESTERN E&P FOR AN EXCEPTION TO STATEWIDE RULE 32 FOR THE ORYX 53-2-1201 LOV W UNIT H, PHANTOM (WOLFCAMP) FIELD, LOVING COUNTY, TEXAS

HEARD BY: Peggy Laird, P.G. – Technical Examiner
Clayton J. Hoover – Administrative Law Judge

HEARING DATE: July 19, 2017

CONFERENCE DATE: September 19, 2017

APPEARANCES: **REPRESENTING:**

APPLICANT:

Kelli Kenney
Maureen Kovacic
Chris Ledet

Shell Western E&P

EXAMINERS' REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Shell Western E&P ("Shell") requests an exception to Statewide Rule 32 for the Oryx 53-2-1201 LOV W Unit H, Phantom (Wolfcamp) Field, Loving 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.

The Oryx 53-2-1201 LOG W Unit was completed August 16, 2016. Shell received administrative authority (Permit No. 28457) to flare up to 4,000 MCF per day ("MCFD") from November 29, 2016 through February 27, 2017, and authority was extended from February 28, 2017 through May 29, 2017, to flare up to 2,000 MCFD. Shell's request for a hearing to continue flaring authority was received on May 8, 2017.

The Oryx 53-2-1201 LOG W Unit is now connected to a sales pipeline, and the connection was completed nine days after the initial flaring authority had expired. Therefore, Shell is seeking authority to flare a total of 25,000 MCF from May 29, 2017 through June 30, 2017, for legal disposition of the casinghead gas until pipeline connections were 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. Shell's administrative permit to flare casinghead gas expired nine days before pipeline connections to sales were completed.
3. Shell's request for a hearing to extend the flaring authority was received on May 8, 2017.
4. Shell is requesting authority to flare a total of 25,000 MCF of casinghead gas from May 29, 2017 through June 30, 2017.
5. At the hearing, the applicant agreed on the record that the Final Order in this case is to be effective when the Master Order is signed.

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)
4. Pursuant to §2001.144(a)(4)(A), of the Texas Government Code, and the agreement of the applicant, the Final Order is effective when a Master Order relating to the Final Order is signed on September 19, 2017.

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 to flare a total of 25,000 MCF from the Oryx 53-2-1201 LOG W Unit from May 29, 2017 through June 30, 2017, as requested by Shell Western E&P.

Respectfully submitted,



Peggy Laird, P.G.
Technical Examiner



Clayton J. Hoover
Administrative Law Judge