



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL & GAS DOCKET NO. 08-0306078

THE APPLICATION OF DIAMONDBACK E&P LLC FOR AN EXCEPTION TO 16 TEX. ADMIN. CODE §3.32 FOR THE RED CREST 319 LEASE, WELL NO. 1H, HOEFS T-K (WOLFCAMP) FIELD, REEVES COUNTY, TEXAS

HEARD BY: Karl Caldwell – Technical Examiner
Clayton J. Hoover – Administrative Law Judge

PREPARED BY: Paul Dubois – Technical Examiner

HEARING DATE: September 22, 2017

CONFERENCE DATE: December 5, 2017

APPEARANCES:

APPLICANT:

Jamie Nielson
Chris Bledsoe
Josh Woods

REPRESENTING:

Diamondback E&P LLC

EXAMINERS' REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Pursuant to 16 Tex. Admin. Code §3.32 (Statewide Rule 32), Diamondback E&P LLC ("Diamondback") seeks an exception to flare casinghead gas from the Red Crest 319 Lease, Well No. 1H, in the Hoefs T-K (Wolfcamp) Field, Reeves County, Texas. Diamondback seeks authority to flare up to 125 thousand cubic feet ("mcf") of casinghead gas per day for a period of two years. The application was not protested. The technical examiner and administrative law judge ("Examiners") recommend the exception be granted.

Generally, Statewide Rule 32 governs the utilization for legal purposes of natural gas produced under the jurisdiction of the Railroad Commission. Diamondback 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 Diamondback requests an exception for more than 180 days and to flare more than 50 mcf of casinghead gas per day, the procedure to address Diamondback'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. Diamondback E&P LLC is the operator of the Red Crest 319 Lease Well No. 1H.
3. Currently this well produces about 106 mcf casinghead gas per day.
4. Diamondback E&P LLC obtained administrative authority (Permit No. 29378) to flare up to 100 mcf gas per day from the Red Crest 319 Lease Well No. 1H from February 28, 2017 through August 28, 2017.
5. On July 28, 2017, Diamondback requested a hearing to extend the flaring authority.
6. The nearest pipeline is approximately 4 miles away.
7. The produced gas contains hydrogen sulfide and requires treatment prior to sales.
8. It is not economical to treat and bring the gas produced from the Red Crest 319 Lease Well No. 1H to market.
9. Authority to flare the gas will allow Diamondback to continue to produce hydrocarbon liquids from the lease.
10. 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 §§1.41 and 1.42.
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 December 5, 2017.

EXAMINERS' RECOMMENDATION

The Examiners recommend approval of the application of Diamondback E&P LLC for an exception to flare up to 125 mcf of casinghead gas per day for a period of two years from the Red Crest 319 Lease Well No. 1H Hoefs T-K (Wolfcamp) Field, Reeves County, Texas.

Respectfully submitted,



Paul Dubois
Technical Examiner



Clayton J. Hoover
Administrative Law Judge