



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL & GAS DOCKET NO. 08-0306761

THE APPLICATION OF RKI EXPLORATION & PRODUCTION LLC FOR AN EXCEPTION TO STATEWIDE RULE 32 FOR VARIOUS LEASES, VARIOUS WELLS PHANTOM (WOLFCAMP) FIELD, REEVES COUNTY, TEXAS.

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

HEARING DATE: October 30, 2017

CONFERENCE DATE: December 5, 2017

APPEARANCES:

James M. Clark, P.E.
Bill G. Spencer

RKI Exploration & Production LLC

EXAMINERS' REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

RKI Exploration & Production, LLC (RKI) seeks an exception to Statewide Rule 32 (16 Tex. Admin. Code §3.32) to flare casinghead gas from eight leases in the Phantom (Wolfcamp) Field, Reeves County, Texas. RKI seeks two-year authority to flare Casinghead gas from September 30, 2017 through September 30, 2019. The application is not protested and the Technical Examiner and the Administrative Law Judge (collectively the "Examiners") recommend the exception be granted.

DISCUSSION OF THE EVIDENCE

Statewide Rule 32 governs the utilization of gas well gas and casinghead gas produced by oil and gas wells under the jurisdiction of the Railroad Commission.

RKI acquired five leases from Panther Exploration, LLC, the Titan State Lease, Maisie State 10 Lease, Mac State 20 Lease, Wile E Coyote State Lease, and the Oliver

13-24 Lease on March 7, 2017. The majority of the revenue from these leases is from hydrocarbon liquids. All of the wells on the five leases are connected to gas sales lines and most of the gas is sold. However, intermittent variations in pipeline pressure and insufficient compression capacity result in the need to occasionally flare gas. Additional compression has recently been installed or is scheduled to be installed on these leases. RKI seeks two-year authority to flare Casinghead gas from September 30, 2017 through September 30, 2019 at the rates shown in the table below

RKI is requesting to flare casinghead gas from the five leases listed below.

Lease	MCF/D
Titan State Lease	1,100 MCF/D
Maisie State 10 Lease	1,500 MCF/D
Mac State 20 Lease	800 MCF/D
Wile E Coyote State Lease	2,800 MCF/D
Oliver 13-24 Lease	3,500 MCF/D

Without a Final order authorizing the flaring, RKI will have to shut the wells in, causing waste and possible harm to the reservoir.

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.

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 hearing.
2. RKI applied for a hearing to extend the flaring authority more than 21 days before the administrative permits expired.
3. RKI is requesting to flare casinghead gas for two years starting on September 30, 2017 through September 30, 2019
4. Intermittent variations in pipeline pressure and insufficient compression capacity result in the need to occasionally flare casinghead gas.
5. Without a Final order authorizing the flaring, RKI will have to shut the wells in, causing waste and possible harm to the reservoir.

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. RKI has met the requirements in 16 Tex. Admin. Code § 3.32 for an exception to the limitations in that section regarding the requested authority to flare casinghead gas produced from the wells in the five leases.
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

EXAMINERS' RECOMMENDATION

Based on the above findings of fact and conclusions of law, the Examiners recommend the Commission enter an order granting the application as requested by RKI Exploration & Production, LLC.

Respectfully submitted,



Richard Eyster, P. G.
Technical Examiner



Clayton J. Hoover
Administrative Law Judge