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RANDALL D. COLLINS, *DIRECTOR*

RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL AND GAS DOCKET NO. 08-0305890

THE APPLICATION OF CARRIZO (PERMIAN) LLC FOR AN EXCEPTION TO STATEWIDE RULE 32 FOR VARIOUS WELLS, FORD, WEST (WOLFCAMP) FIELD, CULBERSON COUNTY, TEXAS

HEARD BY: Karl Caldwell – Technical Examiner
Jennifer Cook – Administrative Law Judge

HEARING DATE: August 31, September 29, and November 17, 2017
RECORD CLOSED: November 17, 2017
CONFERENCE DATE: January 23, 2018

APPEARANCES: **REPRESENTING:**

APPLICANT: Carrizo (Permian) LLC

George Neale
Rick Johnston
Dan Petri

EXAMINERS' REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Carrizo (Permian) LLC ("Carrizo") request Statewide Rule 32 exception renewals for various wells in the Ford, West (Wolfcamp) Field, Culberson County, Texas. Notice of the application was provided to current operators in the field and no protests were received. The application is unopposed, and the Technical Examiner and Administrative Law Judge (collectively, "Examiners") recommend approval of Statewide Rule 32 exception renewals for various wells as requested by Carrizo.

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(j) *Opportunity for hearing* states that an operator may request a hearing on any application for an exception, or exception renewal required by this section. On July 14, 2017, the Commission received a hearing request from Carrizo to extend its current

Statewide Rule 32 exceptions for several flare points which have previously received administrative flaring authority (Permit Nos. 30352, 29854, and 29855). The existing flaring authority for Permit No. 30352 expires on August 6, 2017, while the existing flaring authority for Permit Nos. 29854 and 29855 expires August 9, 2017. For each application, Carrizo requests to extend the current Statewide Rule 32 exceptions for a period of two years, for the same maximum daily volume as previously granted. (Table 1).

Table 1: Summary of Requested Flare Authority

Wells/Pad	Lease ID No(s).	Flare Permit No.	Lat.	Long.	Max. Daily Flare Vol. (Mcf/d)
FORTRESS STATE UNIT 1H	281552	30352	31.69953	-104.14972	10,000
MARAUDER STATE UNIT 1H	DP819490	29854	31.65858	-104.14662	10,000
THUNDERBOLT STATE UNIT 1H	DP818661	29855	31.678371	-104.119976	10,000

Carrizo received Permit No. 30352, effective June 20, 2017 to August 6, 2017, to flare a maximum of 10,000 Mcfd of casinghead gas for the Fortress CPF (DP No. 808279). Carrizo received Permit No. 29854, effective May 11, to August 9, 2017 to flare a maximum of 10,000 Mcfd of casinghead gas for the Marauder State Unit 1H (DP No. 819490). Carrizo received Permit No. 29855, effective May 11, to August 9, 2017 to flare a maximum of 10,000 Mcfd of casinghead gas for the Thunderbolt State Unit 1H (DP No. 818661).

Under normal conditions all gas produced from these wells will be sold. At times, intermittent flaring may be necessary due to operational upset situations. System upset situations arise due to gas pipeline-related issues, including pipeline pressure constraints, and periods when the gas does not meet the pipeline specifications for H₂S limits, CO₂ limits, or water dew point limits. Operational issues also periodically arise due to compressor downtime.

Carrizo agreed, that, pursuant to the provisions of Texas Government Code §2001.144(a)(4)(A), this Final Order shall be effective on the date a Master Order relating to this Final Order is signed.

FINDINGS OF FACT

1. Notice of this hearing was given to current operators in the subject field at least ten days prior to the date of hearing. There were no protests to the application.

2. On July 14, 2017, the Commission received a hearing request from Carrizo for an exception to Statewide Rule 32 for various wells.
3. Carrizo requests an exception to Statewide Rule 32 for a period of two years for the various flare points.
 - a. The existing flaring authority for Permit No. 30352 expires August 6, 2017.
 - b. The existing flaring authority for Permit Nos. 29854 and 29855 expires August 9, 2017.
 - c. For each application, Carrizo requests to extend the current Statewide Rule 32 exception for a period of two years, for the same maximum daily volume as previously granted (10,000 Mcf per day for each flare point).
4. Under normal circumstances Carrizo will be able to sell the gas. Due to system upsets, intermittent flaring may be necessary.
5. Authority to flare gas at times when the gas cannot be sold will allow Carrizo to continue to produce the wells.
6. Carrizo agreed, that, pursuant to the provisions of Texas Government Code §2001.144(a)(4)(A), this Final Order shall be effective on the date a Master Order relating to this Final Order is signed.

CONCLUSIONS OF LAW

1. Notice was issued as required by all applicable statutes and regulatory codes.
2. All things have occurred and been accomplished to give the Commission jurisdiction in this matter.
3. Title 16, Texas Administrative Code 3.32(h) (4) provides for an exception for more than 180 days and for volumes greater than 50 Mcf per day.
4. Pursuant to §2001.144(a)(4)(A), of the Texas Government Code, and the consent of the applicant, this Final Order is effective when a Master Order relating to this Final Order is signed on January 23, 2018.

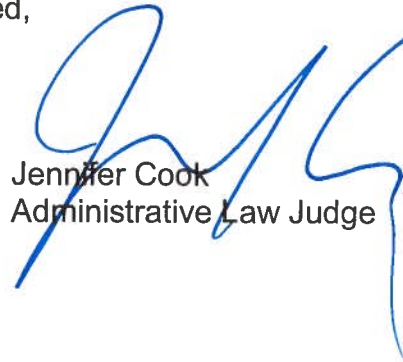
EXAMINERS' RECOMMENDATION

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 a period of two years, for the leases/wells listed in Table 1 as requested by Carrizo.

Respectfully submitted,



Karl Caldwell
Technical Examiner



Jennifer Cook
Administrative Law Judge