



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL & GAS DOCKET No. 08-0307137

APPLICATION OF ROSETTA RESOURCES OPERATING, LP FOR AN EXCEPTION TO STATEWIDE RULE 32 FOR THE CALAMITY JANE (45695) LEASE, THE DEACON JIM 16 (45826) LEASE, AND BLACK JACK 16 (45553) LEASE, WOLFBONE (TREND AREA) FIELD, REEVES COUNTY, TEXAS

HEARD BY: Paul Dubois, P.E. – Technical Examiner
Kristi Reeve – Administrative Law Judge

HEARING DATE: February 6, 2018

CONFERENCE DATE: February 27, 2018

APPEARANCES:

APPLICANT:
Kelli Kenney
Jason Munson
Lindsay Rodriguez
Maria Gomez

REPRESENTING:
Rosetta Resources Operating, LP

EXAMINERS' REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Pursuant to Statewide Rule 32 (16 Tex. Admin. Code §3.32) Rosetta Resources Operating, LP ("Rosetta") seeks authority to flare gas from three leases in the Wolfbone (Trend Area) Field, in Reeves County, Texas. The three leases are connected to sales pipelines and most of the gas produced is sold. However, pipeline capacity constraints require Rosetta to occasionally flare gas. If authority to flare gas is not obtained, Rosetta would be required to shut-in the wells during the intermittent capacity-limiting events. Rosetta seeks authority to flare up to 50,000 thousand cubic feet ("mcf") per month (1,667 mcf per day) from the Calamity Jane Lease, 2,000 mcf per month (67 mcf per day) from the Deacon Jim 16 Lease, and 10,000 mcf per month (333 mcf per day) from the Black Jack 16 Lease. The application was not protested. The administrative law judge and technical examiner ("Examiners") recommend Rosetta's application be granted.

Generally, Statewide Rule 32 governs the utilization for legal purposes of natural gas produced under the jurisdiction of the Railroad Commission. Rosetta 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 Rosetta requests an exception for more than 180 days and to flare more than 50 mcf of casinghead gas per day, the procedure to address Rosetta'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. 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.
3. Statewide Rule 32 governs the utilization for legal purposes of natural gas produced under the jurisdiction of the Railroad Commission.

Calamity Jane (45695) Lease

4. There are 14 wells on the Calamity Jane Lease (No. 45695).
5. In Oil & Gas Docket No. 08-0298756, issued on February 23, 2016, the Commission granted Rosetta authority to flare up to 10,000 mcf gas per day from the Calamity Jane Lease for a period of two years, from October 15, 2015 through October 15, 2017.
6. On September 28, 2017, Rosetta requested a hearing to extend the flaring authority.
7. The Calamity Jane Lease is connected to a gas sales pipeline that occasionally experiences capacity limitations.

8. From October 2016 through September 2017 about 5 percent of the produced gas was flared.
9. Authority to flare up to 50,000 thousand cubic feet ("mcf") per month (1,667 mcf per day) from the Calamity Jane Lease will enable Rosetta to continue to produce liquid hydrocarbons from the lease in the event of gas pipeline capacity limitations.

Deacon Jim 16 (45826) Lease

10. There is one well on the Deacon Jim 16 Lease (No. 45826).
11. In Oil & Gas Docket No. 08-0298756, issued on February 23, 2016, the Commission granted Rosetta authority to flare up to 2,000 mcf gas per day from the Deacon Jim 16 Lease for a period of two years, from December 1, 2015 through December 1, 2017.
12. On September 28, 2017, Rosetta requested a hearing to extend the flaring authority.
13. The Deacon Jim 16 Lease is connected to a gas sales pipeline that occasionally experiences capacity limitations.
14. From December 2016 through November 2017 about 8 percent of the produced gas was flared.
15. Authority to flare up to 2,000 mcf per month (67 mcf per day) from the Deacon Jim 16 Lease will enable Rosetta to continue to produce liquid hydrocarbons from the lease in the event of gas pipeline capacity limitations.

Black Jack 16 (45553) Lease

16. There are five wells on the Black Jack 16 Lease (No. 45553).
17. In Oil & Gas Docket No. 08-0299697, issued on May 3, 2016, the Commission granted Rosetta authority to flare up to 2,300 mcf gas per day from the Black Jack 16 Lease for a period of two years, from February 10, 2016 through February 10, 2018.
18. On September 28, 2017, Rosetta requested a hearing to extend the flaring authority.
19. The Black Jack 16 Lease is connected to a gas sales pipeline that occasionally experiences capacity limitations.

20. From December 2016 through November 2017 about 8 percent of the produced gas was flared.
21. Authority to flare up to 10,000 mcf per month (67 mcf per day) from the Black Jack 16 Lease will enable Rosetta to continue to produce liquid hydrocarbons from the lease in the event of gas pipeline capacity limitations.

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 §§1.42 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 February 27, 2018.

EXAMINERS' RECOMMENDATION

The Examiners recommend approval of the application of Rosetta for exceptions to Statewide Rule 32 for the subject facilities as set out in the attached Final Order.

Respectfully submitted,



Paul Dubois, P.E.
Technical Examiner



Kristi Reeve
Administrative Law Judge