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RANDALL D. COLLINS, *DIRECTOR*

# RAILROAD COMMISSION OF TEXAS

## HEARINGS DIVISION

OIL & GAS DOCKET NO. 08-0307711

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THE APPLICATION OF ATLANTIC RESOURCES COMPANY, LLC FOR AN EXCEPTION TO STATEWIDE RULE 32 FOR VARIOUS LEASES, FORD, WEST (WOLFCAMP) FIELD, REEVES COUNTY, TEXAS

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**HEARD BY:** Peggy Laird, P.G. – Technical Examiner  
Jennifer Cook – Administrative Law Judge

**HEARING DATE:** December 20, 2017

**CONFERENCE DATE:** February 27, 2018

**APPEARANCES:**

**REPRESENTING:**

**APPLICANT:**

Dale E. Miller

Atlantic Resources Company, LLC

### EXAMINERS' REPORT AND RECOMMENDATION

#### STATEMENT OF THE CASE

Atlantic Resources Company, LLC ("Atlantic") seeks exceptions to 16 Tex. Admin. Code § 3.32 ("Statewide Rule 32") to flare gas on an emergency basis in varying volumes produced from six leases it operates in the Ford, West (Wolfcamp) Field, Reeves County, Texas. All leases are connected to a pipeline for sales, and Eagleclaw Midstream Ventures, LLC is the gatherer and purchaser of the gas for all the leases. Emergency flaring situations may arise due to system upsets, plant shut-downs, pipeline capacity issues, or other unplanned conditions. These events are intermittent, yet frequent enough to become an administrative burden processing required paperwork. When these events occur, the only options available to Atlantic are to shut-in the wells or flare the gas. Therefore, Atlantic seeks two-year exceptions from the previous expiration dates of the flaring authority for the leases, as shown on the following table. The requested flare

volume for each lease is based on the most recent maximum production data where flaring is necessary in the event of complete shut-down of the gathering system.

Lease	Well No.	Latitude	Longitude	Flare Permit	Effective Date	Expiration Date	Volume (MCFD)
Allman 24	6H	31° 34' 56.50"	-103° 59' 59.19"	31729	11/1/2017	10/31/2019	3,050
State Johnny Cash 23	2H	31° 34' 55.65"	-104° 01' 42.26"	31731	11/1/2017	10/31/2019	2,245
State Muddy Waters 30	2H	31° 34' 03.72"	-103° 59' 39.85"	31781	11/1/2017	10/31/2019	1,025
Orbison 28	6H	31° 34' 03.98"	-103° 56' 57.68"	31730	11/1/2017	10/31/2019	1,200
Santana 29	2H	31° 34' 03.69"	-103° 58' 38.88"	31728	11/1/2017	10/31/2019	2,785
State Gateway 38	2H	31° 32' 19.31"	-104° 01' 40.25"	31732	11/1/2017	10/31/2019	2,000

All offset operators in the subject field were notified of the hearing. No objections were filed, and no protestants appeared at the hearing. The Technical Examiner and Administrative Law Judge (collectively, "Examiners") recommend approval of the exceptions to Statewide Rule 32.

Statewide Rule 32 governs the utilization for legal purposes of natural gas produced under the jurisdiction of the Railroad Commission. Atlantic 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 an exception 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 Atlantic requests exceptions for more than 180 days and to flare more than 50 mcf of casinghead gas per day, the procedure to address Atlantic's request 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. Atlantic previously received administrative authority to flare varying amounts from the six leases through October 31, 2017.
3. On October 31, 2017, Atlantic requested a hearing to obtain continued authority to flare gas from the leases.
4. All leases are connected to a gas gathering, sales, and transmission system.
5. Emergency flaring is necessary due to intermittent system upsets.
6. The requested authority will ease administrative burden for the applicant.
7. 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. All notice requirements have been satisfied. 16 Tex. Admin. Code § 1.42.
3. The requested authority to flare casinghead gas satisfies 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 February 27, 2018.

#### **EXAMINERS' RECOMMENDATION**

The Examiners recommend approval of the application of Atlantic Resources Company, LLC for exceptions to Statewide Rule 32 for the subject six leases in the Ford, West (Wolfcamp) Field, Reeves County, Texas, as shown on the aforementioned table.

Respectfully submitted,



Peggy Laird, P.G.  
Technical Examiner



Jennifer Cook  
Administrative Law Judge