

RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL AND GAS DOCKET NO. 08-0309747

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

HEARD BY: Robert Musick, P.G. – Technical Examiner
Clayton Hoover – Administrative Law Judge

HEARING DATE: May 10, 2018

CONFERENCE DATE: August 21, 2018

APPEARANCES:

REPRESENTING:

APPLICANT:

Bill Spencer
Jim Clark

RKI Exploration & Production LLC

EXAMINERS' REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

RKI Exploration & Production LLC ("RKI") seeks an exception to Statewide Rule 32 to flare casinghead gas associated with six wells in the Phantom (Wolfcamp) Field, Loving County, Texas. The current flaring authority for four of the six wells is through administrative exception to Statewide Rule 32 with the issuance of administrative permits; and for the remaining two wells through a Commission Final Order.

RKI requests flaring authorization for all six (6) wells. RKI is seeking to flare casinghead gas volumes ranging from a low of 250 thousand cubic feet per day ("MCFPD") to a high of 3,250 MCFPD. RKI has requested authorization to flare casinghead gas from each of the six wells through December 21, 2019, a period less than two year.

The application is unopposed, and the Technical Examiner and Administrative Law Judge (collectively "Examiners") recommend approval of the exception to Statewide Rule 32 for the six well and associated flare points.

DISCUSSION OF THE EVIDENCE

Statewide Rule 32 governs the utilization for legal purposes of natural gas and casinghead gas produced under the jurisdiction of the Railroad Commission. RKI seeks relief pursuant to Statewide Rule 32(h)(4), as follows:

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.

RKI was granted an administrative exception to Statewide Rule 32, for four wells identified as Circe State 28 Nos. 1H and 2H and Monroe State 32 Nos. 1H and 2H authorized through administrative permits to flare casinghead gas for less than a 180-day period as required by the Rule. Attachment B.1 identifies the well name and number, assigned flare permit numbers, lease name and number, assigned flaring authority effective dates and approved flare volumes.

In addition to the above administrative exception to Statewide Rule 32, two wells identified as Pumper Paradise 10, Nos. 2H and 3H were previously authorized through Commission Final Order No. 08-0303994, to flare casinghead gas via the permitted flare point. Attachment B.2 identifies the well name and number, assigned flare permit numbers, lease name and number, assigned flaring authority effective dates and approved flare volumes as established by Commission Final Order No. 08-0303994.

To continue the flaring authority of casinghead gas, RKI sent a letter dated February 28, 2018, requesting a hearing to be conducted to seek continued flaring authority for six (6) wells and their connected flare points. The Hearings Division issued a Notice of Hearing to the Service List on March 27, 2018, and a public hearing was held on May 10, 2018. Attachment A identified the six (6) wells and associated flare points and the maximum daily flaring volumes and effective dates being sought by RKI.

Testimony at the hearing indicate all six (6) wells are connected to a sales line. The wells only require flaring during periods of routine maintenance, equipment malfunction, upset events and during sales line unavailability.

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

The Examiners recommend the exceptions be granted.

FINDINGS OF FACT

1. Proper notice of this hearing was given to offset operators at least ten days prior to the date of hearing. There were no protests to the application.
2. RKI was granted an administrative exception to Statewide Rule 32, for four wells identified as Circe State 28 Nos. 1H and 2H and Monroe State 32 Nos.1H and 2H authorized through administrative permits to flare casinghead gas for less than a 180-day period as required by the Rule. Attachment B.1 identifies the well name and number, assigned flare permit numbers, lease name and number, assigned flaring authority effective dates and approved flare volumes.
3. Two wells identified as Pumper Paradise 10, No. 2H and 3H were previously authorized through Commission Final Order No. 08-0303994, to flare casinghead gas via the permitted flare point. Attachment B.2 identifies the well name and number; assigned flare permit numbers, lease name and number, assigned flaring authority effective dates and approved flare volumes as established by Commission Final Order No. 08-0303994.
4. RKI sent a letter dated February 28, 2018, requesting a hearing to be conducted to seek continued flaring authority for the six (6) wells and connected flare points.
5. The Hearings Division issued a Notice of Hearing to the Service List on March 27, 2018 and a public hearing was held on May 10, 2018. Attachment A identified the six (6) wells and associated flare points and the maximum daily flaring volumes and effective dates being sought by RKI in the hearing.
6. Testimony at the hearing indicate all six (6) wells are connected to a sales line. The wells only require flaring during periods of routine maintenance, equipment malfunction, upset events and during sales line unavailability.
7. RKI agreed, that, pursuant to the provisions of Texas Government Code §2001.144(a)(4)(A), the Final Order in this case shall be final and effective on the date a Master Order relating to this Final 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 § 1.42.
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 in this case is final and effective when a Master Order relating to the Final Order is signed.

EXAMINERS' RECOMMENDATION

Based on the above findings of fact and conclusions of law, the Examiners recommend that the Commission grant the exceptions to Statewide Rule 32 for the ") for the six wells and associated flare points as summarized in Attachment A to this Report.

Respectfully submitted,



Robert Musick, P.G.
Technical Examiner



Clayton Hoover
Administrative Law Judge

ATTACHMENT A – Proposed FLARE AUTHORITY

Connected Flare Point and Flare Permit No.	Well	Lease No.	RKI Requested Flare Volume Rate (MCFPD)	RKI Requested Effective Dates of Flaring Authority
Flare Point No. 1 No. 30891 (Individual Well)	Circe State 28 No. 1 H 42-389-34865	48114	700	1/1/2018 to 12/21/2019 (2 years)
Flare Point No. 2 No. 30064 (Individual Well)	Circe State 28 No. 2 H 42-389-35841	283277	1,150	12/21/2017 to 12/21/2019 (1 year)
Flare Point No. 3 No. 30088 & No. 30062 (Commingled Wells)	Monroe State 32 No. 1 H 42-389-34409	47829	250	5/1/2018 to 12/21/2019 (approximately 19 months)
	Monroe State 32 No. 2 H 42-389-35842	283596	3,250	12/30/2017 to 12/21/2019 (2 years)
Flare Point No. 4 No. 27878 & No. 30125 (Commingled Wells)	Pumpers Paradise 10 No. 2H 42-389-35291	48540	2,350	1/1/2018 to 12/21/2019 (less than 2 years)
	Pumpers Paradise 10 No. 3H 42-389-25614	48540	2,700	1/1/2018 to 12/21/2019 (less than 2 years)

**Note: MCFPD = thousand cubic feet per day
Flare Point Number Nomenclature established for May 10, 2018 Hearing**

ATTACHMENT B – PREVIOUS AUTHORIZED FLARING AUTHORITY***Administrative Flaring Authority: Attachment B.1***

Flare Permit No.	Lease/Well	Lease No.	Flare Rate (MCFPD)	Authorized Effective Dates
No. 30891	Circe State 28 No. 1 H 42-389-34865	48114	185	4/1/2017 to 5/31/2017
No. 30064	Circe State 28 No. 2 H 42-389-35841	283277	3,820	6/22/2017 to 12/20/2017
No. 30088	Monroe State 32 No. 1 H 42-389-34409	47829	67	4/1/2017 to 5/31/2017
No. 30062	Monroe State 32 No. 2 H 42-389-35842	283596	3,820	9/30/2017 to 12/29/2017

Notes: *MCFPD = thousand cubic feet per day*

Final Order Flaring Authority: Attachment B.2

Final Order No.	Lease/Well	Lease No.	Flare Rate (MCFPD)	Authorized Effective Dates
Final Order 08-0303994 dated 9/19/2017	Pumpers Paradise 10 No. 2H 42-389-35291	48540	3,500	3/3/2017 to 12/31/2017
Final Order 08-0303994 dated 9/19/2017	Pumpers Paradise 10 No. 3H 42-389-25614	48540	3,500	8/21/2017 to 12/31/2017

Notes: *MCFPD = thousand cubic feet per day*