



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL AND GAS DOCKET NO. 08-0310947

APPLICATION OF CARRIZO (PERMIAN) LLC FOR AN EXCEPTION TO STATEWIDE RULE 32 FOR VARIOUS FLARE POINTS IN THE PHANTOM (WOLFCAMP) FIELD, REEVES AND WARD COUNTIES, TEXAS

HEARD BY: Karl Caldwell – Technical Examiner
Lynn Latombe – Administrative Law Judge

HEARING DATE: July 10, 2018
RECORD CLOSED: July 12, 2018
CONFERENCE DATE: September 18, 2018

APPEARANCES: **REPRESENTING:**

APPLICANT: Carrizo (Permian) LLC

George Neale
Rick Johnston

EXAMINERS' REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Carrizo (Permian) LLC ("Carrizo") requests Statewide Rule 32 exception renewals for a total of 22 flare points associated with production from wells completed in the Phantom (Wolfcamp) Field, Reeves and Ward Counties, Texas. Notice of the application was provided to all operators listed on the proration schedule for the Phantom (Wolfcamp) 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 flare points and facilities 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 April 19, 2018, the Commission received a hearing request from Carrizo to extend its current Statewide Rule 32 exceptions for a total of 23 flare points which have previously received administrative flaring authority (Appendix A). After reviewing the facilities and existing flare permits, Carrizo discovered that two of the current flare permits cover the same flare point. As a result, Carrizo is now seeking to extend current Statewide Rule 32 exceptions for a total of 22 flare points instead of 23 flare points. For each application, Carrizo requests to extend the current Statewide Rule 32 exception for a period of two years from the date the earliest current Statewide Rule 32 exception expires, to ensure all permits expire on the same date going forward. Carrizo requests to flare the maximum daily volumes as listed in Appendix A.

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 final and 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 April 19, 2018, the Commission received a hearing request from Carrizo for to extend current Statewide Rule 32 exceptions for various flare points.
3. Carrizo requests an exception to Statewide Rule 32 for a period of two years for a total of 22 flare points.
4. The existing flaring authority for all 22 flare points expires between April 29, 2018 and June 30, 2018.
5. Under normal circumstances Carrizo will be able to sell the gas. Due to system upsets, intermittent flaring may be necessary.
6. Authority to flare gas at times when the gas cannot be sold will allow Carrizo to continue to produce the wells.

7. Carrizo agreed, that, pursuant to the provisions of Texas Government Code §2001.144(a)(4)(A), this Final Order shall be final and 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 final and 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 that the Commission grant an exception to Statewide Rule 32 from April 30, 2018 to April 30, 2020 for the flare points listed in Appendix A as requested by Carrizo.

Respectfully submitted,



Karl Caldwell
Technical Examiner



Lynn Latombe
Administrative Law Judge

APPENDIX A: Requested Statewide Rule 32 Exception Renewals

No.	Flare Permit No.	Facility Name	CPF Latitude	CPF Longitude	Max. Flare Volume (Mcf/d)
1	33414	Allar	31.512877	-103.529269	7500
2	33423	Christian	31.507002	-103.616129	7500
3	32475	Crockett	31.559144	-103.464595	5000
4	33422	Davis	31.507394	-103.535370	7500
5	32476	Dorothy	31.481477	-103.520459	4000
6	32405	Durham-East	31.550586	-103.450727	5500
7	32477	Fowler	31.516115	-103.551961	5000
8	33421	Fox	31.485860	-103.528146	7500
9	33420	Grady State	31.491413	-103.580006	7500
10	33424	Langford South	31.522654	-103.567649	7500
11	33425	Langford North	31.525558	-103.568532	3000
12	33419	McDermott	31.518376	-103.545395	5500
13	33418	McGary	31.529550	-103.601476	4000
14	32474	Quigley	31.508130	-103.533509	2000
15	33417	Saul	31.501323	-103.533659	5000
16	33416	State CVX A1922	31.488062	-103.598923	2000
17	33431	State CVX A1314	31.500877	-103.622021	3000
18	33432	State CVX B1314	31.494585	-103.617404	4500
19	32407	Townsen 66	31.450124	-103.504006	3000
20	32406	Westway	31.474469	-103.687934	5000
21	33415	Womac	31.486287	-103.530881	5000
22	33429	Woodson 36	31.489160	-103.528908	5000