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INTERIM DIRECTOR

RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL AND GAS DOCKET NO. 08-0312207

THE APPLICATION OF WPX ENERGY PERMIAN, LLC (942623) FOR AN EXCEPTION TO STATEWIDE RULE 32 FOR THE QUINN LEASE (COMMINGLING PERMIT NO. 8205), PHANTOM (WOLFCAMP) FIELD, LOVING COUNTY, TEXAS

HEARD BY: Robert Musick, P.G. – Technical Examiner
Kristi M. Reeve - Administrative Law Judge

HEARING DATE: August 2, 2018

CONFERENCE DATE: October 16, 2018

APPEARANCES:

REPRESENTING:

APPLICANT:

Bill G. Spencer
Jim Clark

WPX Energy Permian, LLC

EXAMINERS' REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

WPX Energy Permian, LLC ("WPX") (942623) seeks an exception to 16 TAC § 3.32 to flare gas from six (6) wells on the Quinn Lease in the Phantom (Wolfcamp) Field, Loving County, Texas. Five (5) wells were completed in January 2018 and the sixth well was completed in February 2018. All six (6) wells were connected to a commingled central flare point under Permit No. 34337 and Commingling Permit (CP) No. 08-8205.

WPX is requesting to extend flaring authority approved by the Commission through the administrative permitting process, with the administrative authority expiring on July 7, 2018. WPX is seeking a final order to continue flaring authority of casinghead gas for routine maintenance periods or sales line unavailability from the central flare point from July 8, 2018 through July 7, 2020, a period of 2 years at a maximum volume of 1,500 thousand cubic feet per day (MCF/Day).

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 Quinn Lease commingled central flare point.

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. WPX 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.

WPX was previously granted administrative flaring authority under Statewide Rule 32 (16 TAC § 3.32), for a single commingled central flare point. The administrative permit authorized 12,000 MCF/Day of gas for a 90-day period from April 29, 2018 to July 7, 2018.

To continue the flaring authority of gas after expiration of the administrative authority, WPX sent a letter requesting a hearing. A Notice of Hearing (NOH) was issued on June 26, 2018, to the Service List which included off-set operators. At the hearing held on August 2, 2018, it was brought to the attention of the Examiners that Shell Western E&P was not on the Service List and should have been noticed as an off-set operator. Therefore, the Hearings Division sent a letter dated August 3, 2018, to Shell Western E&P providing notice and an opportunity to file a protest, objection, or request a new hearing, or other filing in opposition of the application. No response from Shell Western E&P was received.

WPX is seeking authority to continue flaring authority of gas from July 8, 2018 through July 7, 2020, a period of 2 years with a requested volume of 1,500 thousand cubic feet per day (MCF/Day).

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

WPX 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 the Final Order is signed.

The Examiners recommend the exceptions be granted.

FINDINGS OF FACT

1. Notice of this hearing was given to all off-set operators in the Field. There were no protests to the application.
2. WPX Energy Permian, LLC ("WPX") (942623) seeks an exception to 16 TAC § 3.32 to flare gas from six (6) wells in the Phantom (Wolfcamp) Field, Loving County, Texas.
3. Five (5) of the six (6) wells were completed in January 2018 and one well was completed February 2018. All six (6) wells are connected to a central flare point under Permit No. 34337 and Commingling Permit (CP) No. 08-8205. The administrative permit authorized 12,000 MCF/Day of gas for a 90-day period from April 29, 2018 to July 7, 2018.

4. WPX sent a letter requesting a hearing. A Notice of Hearing (NOH) was issued on June 26, 2018, to the Service List which included off-set operators.
5. A hearing was held on August 2, 2018.
6. At the hearing, it was discovered that Shell Western E&P was not on the Service List dated June 26, 2018, and should have been noticed as an off-set operator. The Hearings Division sent a letter dated August 3, 2018, to Shell Western E&P providing notice and an opportunity to file a protest, objection, or request a new hearing, or other filing in opposition of the 16 TAC § 3.32 application. No response from Shell Western E&P was received.
7. WPX is seeking authority to continue flaring of casinghead gas from the commingled central flare point from July 8, 2018 through July 7, 2020, a period of 2 years, with a flaring volume of 1,500 MCF/Day.
8. Testimony at the hearing indicate the six (6) wells are connected to a sales line and only require flaring during periods of routine maintenance, equipment malfunction, upset events and during sales line unavailability.
9. WPX 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 this Final Order is signed.

EXAMINERS' RECOMMENDATION

Based on the above findings of facts and conclusions of law, the Examiners recommend the Commission enter an order granting the central flare point submitted by WPX Energy Permian, LLC. for exceptions to Statewide Rule 32 for all six (6) wells connected to the commingled central flare point under Permit No. 34337 and Commingling Permit (CP) No. 08-8205 in the Phantom (Wolfcamp) Field, Loving County, Texas.

Respectfully submitted,



Robert Musick, P.G.
Technical Examiner



Kristi M. Reeve
Administrative Law Judge