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RAILROAD COMMISSION OF TEXAS HEARINGS DIVISION

OIL & GAS DOCKET NO. 08-0312057

THE APPLICATION OF MATADOR PRODUCTION COMPANY FOR AN EXCEPTION TO STATEWIDE RULE 32 FOR THE BILLY BURT TB FACILITY, PHANTOM (WOLFCAMP) AND TWO GEORGES (BONE SPRING) FIELDS, LOVING COUNTY, TEXAS

OIL & GAS DOCKET NO. 08-0312058

THE APPLICATION OF MATADOR PRODUCTION COMPANY FOR AN EXCEPTION TO STATEWIDE RULE 32 FOR THE JOHNSON 44 TB FACILITY, PHANTOM (WOLFCAMP) AND TWO GEORGES (BONE SPRING) FIELDS, LOVING COUNTY, TEXAS

OIL & GAS DOCKET NO. 08-0312059

THE APPLICATION OF MATADOR PRODUCTION COMPANY FOR AN EXCEPTION TO STATEWIDE RULE 32 FOR THE ARNO TB FACILITY, PHANTOM (WOLFCAMP) AND TWO GEORGES (BONE SPRING) FIELDS, LOVING COUNTY, TEXAS

OIL & GAS DOCKET NO. 08-0312060

THE APPLICATION OF MATADOR PRODUCTION COMPANY FOR AN EXCEPTION TO STATEWIDE RULE 32 FOR THE BARNETT TB FACILITY, PHANTOM (WOLFCAMP) AND TWO GEORGES (BONE SPRING) FIELDS, LOVING COUNTY, TEXAS

HEARD BY: Richard Eyster, P.G. – Technical Examiner
Lynn Latombe – Administrative Law Judge

HEARING DATE: September 12, 2018

CONFERENCE DATE: October 16, 2018

APPEARANCES:**REPRESENTING:****APPLICANT:**

Davin McGinnis,
Glenn Stetson,
Kristin Welch,

Matador Production Company

EXAMINERS' REPORT AND RECOMMENDATION**STATEMENT OF THE CASE**

Matador Production Company (Matador) seeks to renew its current exception to Statewide Rule 32 for the following:

- 1) The Barnett TB Facility, Phantom (Wolfcamp) and Two Georges (Bone Spring) Fields, Loving County.
- 2) The Arno TB Facility, Phantom (Wolfcamp) and Two Georges (Bone Spring) Fields, Loving County.
- 3) The Billy Burt TB Facility, Phantom (Wolfcamp) and Two Georges (Bone Spring) Fields, Loving County.
- 4) The Johnson 44 TB Facility, Phantom (Wolfcamp) and Two Georges (Bone Spring) Fields, Loving County.

For each application, notice was provided to all offset operators. For each application, Matador is requesting an extension of its current Statewide Rule 32 exception to flare casinghead gas for a period of two years. The applications are unopposed and the Technical Examiner and Administrative Law Judge (collectively, "Examiners") recommend approval of the applications.

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 June 6, 2018, the Commission received a hearing request for a Statewide Rule 32 exception renewal for each of the four (4) tank batteries listed above. The four tank batteries have previously received Final Orders.

Pursuant to Statewide Rule 32, an exception to flare natural gas in volumes greater than 50 Mcf per day may be granted administratively for a period up to 180 days. Beyond that, Statewide Rule 32(h) provides that exceptions shall be granted only in a final order

signed by the Commission. The Commission received a request for hearing on the applications of Matador for an exception to Statewide Rule 32 for the four subject tank batteries on June 6, 2018. Since the request for hearing on renewals of existing exceptions to Statewide Rule 32 for the subject leases was received by the Commission at least 21 days before the expiration of the existing exceptions, the operator is authorized to continue to operate under the existing authority pending final commission action on the applications.

Under normal conditions, all gas produced will be sold. At times, intermittent flaring may be necessary due to pipeline capacity issues and curtailment. Plant interruptions may also result in gas to be flared periodically. The pipeline issues and plant interruptions resulting in the flaring of gas are unpredictable in terms of when an interruption will occur and in the duration of the interruption.

Matador has been granted Final Orders for each of the four subject tank batteries and is now requesting to change the flare volumes without changing the two year time frame:

The Arno TB Facility (Commingling Permit No. 08-7864) was granted Final Order No 08-0307810, effective from December 1, 2017 to November 30, 2019, to flare a maximum of 2,500 Mcf per month. Matador is now requesting to flare up to 800 mcf/d for a period of two years from December 1, 2017 to November 30, 2019.

The Barnett TB Facility (Commingling Permit No. 08-7548) was granted Final Order No. 08-0307784, effective December 1, 2017 through November 30, 2019, to flare a maximum of 6,000 Mcf per month. Matador is now requesting to flare 1,200 mcf/d from December 1, 2017 through November 30, 2019.

The Billy Burt TB Facility (Commingling Permit No. 08-7697) was granted Final Order No. 08-0307809 effective December 1, 2017 through November 30, 2019, to flare up to 1,500 Mcf per month. Matador is now requesting to flare up to 200 mcf/d for a period of two years from December 1, 2017 through November 30, 2019.

The Johnson 44 TB Facility (Commingling Permit No. 08-7693) was granted Final Order No. 08-0307783 effective November 30, 2017 through December 1, 2019 to flare a maximum of 1,500 mcf/month. Matador is now requesting to flare up to 200 Mcfd for a period of two years from November 30, 2017 through December 1, 2019.

Matador 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 offset operators at least ten days' prior to the date of hearing. There were no protests to the application.

2. On June 6, 2018, the Commission received a hearing request for a Statewide Rule 32 exception renewal for the four subject tank batteries.
 - a. The Arno TB Facility was granted Final Order (No 08-0307810), effective from December 1, 2017 to November 30, 2019, to flare a maximum of 2,500 Mcf per month. Matador is now requesting to flare up to 800 mcf/d for a period of two years from December 1, 2017 to November 30, 2019.
 - b. The Barnett TB Facility was granted A Final Order (No. 08-0307784) authorizing the flaring of 6000 mcf/month, effective December 1, 2017 through November 30, 2019. Matador is requesting to flare up to 1,200 mcf/d for a period of two years, effective December 1, 2017 through November 30, 2019.
 - c. The Billy Burt TB Facility was granted Final Order No. 08-0307809, effective December 1, 2017 through November 30, 2019 to flare up to 1500 mcf/month. Matador is now requesting to flare up to 200 mcf/d from December 1, 2017 through November 30, 2019.
 - d. The Johnson 44 TB Facility was granted Final Order No. 08-0307783, authorizing the flaring of 1,500 mcf/ month. Matador is now requesting to flare up to 200 mcf/d from December 1, 2017 through November 30, 2019.
3. Under normal conditions, all gas produced will be sold. At times, intermittent flaring may be necessary due to pipeline capacity issues and curtailment. Plant interruptions may also result in gas to be flared periodically. The pipeline issues and plant interruptions resulting in the flaring of gas are unpredictable in terms of when an interruption will occur and in the duration of the interruption.
4. Matador 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. Proper 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) provides for an exception to Statewide Rule 32.
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.

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 for a period of two years for the Arno TB Facility, Barnett TB Facility, Billy Burt TB Facility and the Johnson 44 TB Facility.

Respectfully submitted,



Richard Eyster, P.G.
Technical Examiner



Lynn Latombe
Administrative Law Judge