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DANA AVANT LEWIS,
INTERIM DIRECTOR

RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL & GAS DOCKET NO. 01-0314339

THE APPLICATION OF MATADOR PRODUCTION COMPANY FOR AN EXCEPTION TO STATEWIDE RULE 32 TO FLARE CASINGHEAD GAS FROM THE LYSSY A&B LEASE, EAGLEVILLE (EAGLE FORD-1) FIELD, WILSON 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:

Davin McGinnis
Glenn Stetson
Kristin Welch

Matador Production Company

EXAMINERS' REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Matador production company (Matador) seeks an exception to Statewide Rule 32 (16 Tex. Admin. Code §3.32) to flare casinghead gas from the Lyssy A&B Lease, Eagleville (Eagle Ford-1) Field, Wilson County, Texas. Matador seeks two-year authority to flare up to 100 MCF/D of Casinghead gas from September 16, 2018 through September 15, 2020. The application is not protested and the Technical Examiner and the Administrative Law Judge (collectively the Examiners) recommend the exception be granted.

DISCUSSION OF THE EVIDENCE

Statewide Rule 32 governs the utilization of gas well gas and casinghead gas produced by oil and gas wells under the jurisdiction of the Railroad Commission. Matador

received a 153 day administrative permit (Permit No. 33478) authorizing the flaring of up to 100 MCF/D of casinghead gas from March 18 2018 through September 15, 2018. On August 09, 2018 Matador applied for a hearing to extend the flaring exception. Matador is requesting to flare 100 mcf/d from September 16, 2018 through September 15, 2020.

The wells on this lease have H2S values that will need to be treated before the gas can be put into the pipeline and the treatment costs will exceed the revenue. Due to these costs Matador asserts that trying to treat the casinghead gas from this unit will result in making the costs of marketing this gas uneconomic at this time. Therefore, Matador seeks a Commission final order granting two-year authority to flare up to 100 MCF/D from the Lyssy A&B Lease, Eagleville (Eagle Ford-1) Field, Wilson County, Texas.

Matador stated that without additional flaring authority they will have to shut the wells in causing waste and perhaps harm to the reservoir.

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 hearing.
2. Matador applied for a hearing to extend the flaring authority more than 21 days before the administrative permits expired.
3. Matador is requesting to flare 100 mcf/d of casinghead gas for two years from September 16, 2018 through September 15, 2020.
4. The wells on this lease have H2S values that will need to be treated before the gas can be put into the pipeline and the treatment costs will exceed the revenue.
5. Without a Final order authorizing the flaring, Matador will have to shut the wells in causing waste and possible harm to the reservoir.

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 §§ 1.43 and 1.45.
3. Matador Production Company has met the requirements in 16 Tex. Admin. Code § 3.32 for an exception to the limitations in that section regarding the requested authority to flare casinghead gas produced from the wells connected to the subject flare point.

EXAMINERS' RECOMMENDATION

Based on the above findings of fact and conclusions of law, the Examiners recommend the Commission enter an order approving the application as requested by Matador Production Company.

Respectfully submitted,



Richard Eyster, P. G.
Technical Examiner



Lynn Latombe
Administrative Law Judge