



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL AND GAS DOCKET NO. 06-0311867

APPLICATION OF VALENCE OPERATING COMPANY (881167) FOR AN EXCEPTION TO STATEWIDE RULE 32 FOR THE GOODSON GAS FACILITY, GOODSON (TRAVIS PEAK) FIELD, SMITH COUNTY, TEXAS

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

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

HEARING DATE: August 6, 2018

CONFERENCE DATE: January 23, 2019

APPEARANCES: **REPRESENTING:**

APPLICANT:

Rick Johnston

Valence Operating Company

EXAMINERS' REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Valence Operating Company ("Valence") seeks an exception to Statewide Rule 32 (16 TAC §3.32) to flare casinghead gas and gas associated with the Goodson Gas Facility, Goodson (Travis Peak) (No. 35830500) Field, Smith County, Texas. The current flaring permit for the Goodson Gas Facility is Permit No. 32624, with the administrative authority expiring on June 1, 2018.

Valence (No. 881167) is seeking an exception to flare casinghead gas and gas volumes of 2,000 thousand cubic feet ("MCF") per day for the Goodson Gas Facility flare point from June 2, 2018 to June 1, 2020; a two-year period.

Notice of this hearing was provided to all offset operators at least ten (10) days prior to the date of the hearing and no protests were received. The Technical Examiner and Administrative Law Judge (collectively "Examiners") recommend approval of the exception to Statewide Rule 32 for the requested 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. Valence seeks flaring authority pursuant to Statewide Rule 32(f)(1)(B), 32(f)(1)(C) and 32(h)(4), as follows:

A flaring exception is required if you flare for more than 72 hours in one calendar month or if you flare for a period of time exceeding 24 hours in one calendar month.

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.

Valence was previously granted an administrative exception to Statewide Rule 32 for all leases associated with the Goodson Gas Facility flare point. The administrative exception was for a 180-day period, expiring on June 1, 2018. Attachment A identifies the previous flaring authority for leases and lease numbers, assigned flare permit number, approved flare volumes, and their administrative exception period and flare authority dates.

To continue the flaring authority of casinghead gas and gas after expiration of the administrative exception, Valence sent a letter dated May 30, 2018, requesting a hearing. The Hearings Division issued a Notice of Hearing to the Service List on June 19, 2018. Notice of the hearing was given to all parties entitled to notice at least ten (10) days prior to the date of the hearing.

Based on evidence at the hearing, the Goodson Gas Facility flare point is associated with the following leases, wells and fields:

- Loggins 'B' (Gas I.D. 192049) Lease, Well No. 1 (API No. 42-423-31248), Goodson-McLarty (Rodessa) (35832500) Field. Well No. 1 was recompleted on February 3, 2018, as a gas well and re-assigned to the Goodson-McLarty (Rodessa) Field. The well was formerly an oil well under the Loggins 'B' (12971) Lease, Flint (Pettit) (31471510) Field. The Well is associated with Commingling Permit No. 6810;
- Clyburn (15577) Lease, Well No. 1 (API No. 42-423-32401), Goodson (Travis Peak) (35830500) Field. The Well is associated with Commingling Permit No. 6810;
- McKeethan (15576) Lease, Well No.1 (API No. 42-423-32400), Goodson (Travis Peak) (35830500) Field. The Well is associated with Commingling Permit No. 6810.

A public hearing was held on August 6, 2018, to continue flaring authority at the Goodson Gas Facility flare point. Valence is seeking flaring authorization for a two-year period with flaring authority of 2,000 MCF/Day authorized under Permit No. 32624, from June 2, 2018 to June 1, 2020. Attachment B identifies the lease name and lease number, well number, assigned flare permit number, flaring volume and period sought by Valence.

Testimony at the hearing indicates the wells associated with the Goodson Gas Facility flare point are connected to a sales gathering pipeline. The wells require flaring authority during periods of routine maintenance, equipment malfunction, upset events, and sales line unavailability.

Valence 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 Statewide Rule 32 Flaring exceptions be granted.

FINDINGS OF FACT

1. Proper notice of this hearing was provided to all offset operators at least ten (10) days prior to the date of the hearing and no protests were received.
2. Valence seeks an exception to Statewide Rule 32 (16 TAC §3.32) to flare casinghead gas and gas associated with the Goodson Gas Facility, Goodson (Travis Peak) (35830500) Field, Smith County, Texas.
3. Valence was previously granted an administrative exception to Statewide Rule 32, for all leases associated with the Goodson Gas Facility flare point. The administrative exception was for a 180-day period, expiring on June 1, 2018. Attachment A identifies the previous flaring authority for leases and lease numbers, assigned flare permit numbers, approved flare volumes, and their administrative exception period and flare authority dates.
4. Valence sent a letter dated May 30, 2018, requesting a hearing.
5. The Hearings Division issued a Notice of Hearing to the Service List on June 19, 2018.
6. The Goodson Gas Facility flare point is associated with the following leases, wells and fields:
 - a. Loggins 'B' (Gas I.D. 192049)" Lease, Well No. 1 (API No. 42-423-31248), Goodson-McLarty (Rodessa) (35832500) Field. The well was recompleted on February 3, 2018, as a gas well and re-assigned to the Goodson-McLarty (Rodessa) Field. The well was formerly an oil well under Lease 12971, historically

- assigned to the Flint (Pettit) (31471510) Field and the Goodson (Travis Peak) (35830500) Field. The well is associated with Commingling Permit No. 6810;
- b. Clyburn (15577) Lease, Well No. 1 (API No. 42-423-32401), Goodson (Travis Peak) (35830500) Field. The well is associated with Commingling Permit No. 6810;
 - c. McKeethan (15576) Lease, Well No.1 (API No. 42-423-32400), Goodson (Travis Peak) (35830500) Field. The well is associated with Commingling Permit No. 6810.
7. A public hearing was held on August 6, 2018, to continue flaring authority at the Goodson Gas Facility flare point.
 8. Valence is requesting authorization to flare 2,000 MCF/Day for a two-year period authorized under Permit No. 32624, from June 2, 2018 to June 1, 2020. Attachment B identifies the lease name and number, well number, assigned flare permit number, flaring volume and period sought by Valence.
 9. Testimony at the hearing indicates the wells associated with the Goodson Gas Facility flare point are connected to a sales gathering pipeline. The wells require flaring authority during periods of routine maintenance, equipment malfunction, upset events, and sales line unavailability.
 10. Valence 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.

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 and 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 facts and conclusions of law, the Examiners recommend the Commission enter an order granting exceptions to Statewide Rule 32 for the leases and wells associated with the Goodson Gas Facility flare point, Goodson (Travis Peak) Field, Smith County, Texas.

Respectfully submitted,



Robert Musick, P.G.
Technical Examiner



Kristi M. Reeve
Administrative Law Judge

Attachment A – Previous Authorized Flaring Authority

Lease Name	Lease No.	Flare Permit No.	Maximum Daily Flaring Volume (MCF/Day)	Administrative Flaring Period and Flare Authority Expiring Date	
Loggins 'B' Lease	12971 Flint (Pettit) Field Oil Well	32624	1,000	180 days	06/01/2018
Clyburn Lease	15577 Goodson (Travis Peak) Field Oil Well	32624	1,000	180 days	06/01/2018
McKeethan Lease	15576 Goodson (Travis Peak) Field Oil Well	32624	1,000	180 days	06/01/2018

Note: NA = Not Applicable
MCF/Day = Thousand Cubic Feet Per Day

ATTACHMENT B - FLARE AUTHORITY

Lease Name	Lease No.	Well Nos.	Flare Permit No.	Maximum Daily Flaring Volume (MCF/Day)	Dates of Requested Flaring Authority	
					2 Year Period	
Loggins 'B' Lease	Gas I.D. 192049 Goodson-McLarty (Rodessa) Field Formerly an oil well under 12971 Flint (Pettit) Field	Loggins 'B' Well No. 1 Gas Well	32624 – Goodson Gas Plant Commingling Permit No. 6810 Flare Gas and Casinghead Gas	2,000	06/02/2018	06/01/2020
Clyburn Lease	15577 Goodson (Travis Peak) Field	Clyburn Well No. 1 Oil Well	32624 – Goodson Gas Plant Commingling Permit No. 6810 Casinghead Gas	2,000	06/02/2018	06/01/2020
McKeethan Lease	15576 Goodson (Travis Peak) Field	McKeethan Well No.1 Oil Well	32624 – Goodson Gas Plant Commingling Permit No. 6810 Casinghead Gas	2,000	06/02/2018	06/01/2020

Note: NA = Not Applicable
MCF/Day = Thousand Cubic Feet Per Day