



# RAILROAD COMMISSION OF TEXAS

## HEARINGS DIVISION

**OIL AND GAS DOCKET NO. 08-0314063**

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**APPLICATION OF WPX ENERGY PERMIAN, LLC (942623) FOR AN EXCEPTION TO STATEWIDE RULE 32 FOR THE CBR 16 (48293) LEASE, WELL NOS. 2H AND 7H, PHANTOM (WOLFCAMP) FIELD, LOVING COUNTY, TEXAS**

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

**HEARING DATE:** October 10, 2018

**CONFERENCE DATE:** January 23, 2019

**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 casinghead gas from the CBR 16 (No. 48293) Lease, Well Nos. 2H and 7H, Phantom (Wolfcamp) Field, Loving County, Texas.

RKI, a subsidiary of WPX, exhausted the 180-day administrative authority under Permit No. 31499, expiring on February 28, 2018. WPX assumed responsibility for the CBR 16 Lease and associated wells and flare points and is currently seeking a final order to continue flaring authority of casinghead gas from May 20, 2018 to May 20, 2020, a period of 2 years at a maximum volume of 700 thousand cubic feet per day ("MCF/Day"). The 2-year flaring authority is requested for routine maintenance periods or sales line unavailability associated with the two flare points for Well Nos. 2H and 7H on the CBR 16 Lease.

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 CBR 16 Lease, 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. 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.*

RKI, a subsidiary of WPX, was granted administrative flaring authority under Statewide Rule 32 (16 TAC § 3.32), for associated wells and flare points on the CBR 16 Lease. The administrative permit (Permit No. 31499) authorized 850 MCF/Day, for a 180-day period, from August 31, 2017 to February 28, 2018.

To continue the flaring authority, WPX sent a letter requesting a hearing dated August 6, 2018. A Notice of Hearing (NOH) was issued on August 29, 2018, to the Service List which included off-set operators. No protests were received. A hearing was held on October 10, 2018.

WPX is seeking authority to flare casinghead gas from the two flare points associated with the CBR 16 Lease from May 20, 2018 to May 20, 2020, a period of 2 years, with a requested volume of 700 MCF/Day.

Testimony at the hearing indicates the CBR 16 Lease, Well Nos. 2H and 7H, are connected to a sales line and only require flaring during periods of routine maintenance, equipment malfunction, upset events and during sales line unavailability.

Testimony at the hearing indicates in 2018, that flare volumes from the CBR 16 Lease equates to about 6.8 percent of the total gas produced from the CBR 16 Lease or about three percent of energy equivalent when considering both oil and gas as an energy source. Most of the flaring is caused by high-pipeline pressure, resulting in the necessity to flare gas temporarily until conditions allow transport to a sales pipeline. It is noteworthy that flare volumes should continue to be reduced because WPX is partial owner of a new gas plant in the area, resulting in more sales pipeline capacity in the CBR 16 Lease area.

WPX agreed via a letter dated October 10, 2018, 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 casinghead gas from the CBR 16 (No. 48293) Lease, Well Nos. 2H and 7H, Phantom (Wolfcamp) Field, Loving County, Texas.
3. RKI, a subsidiary of WPX, was granted administrative flaring authority under Statewide Rule 32 (16 TAC § 3.32), for associated wells and flare points on the CBR 16 Lease. The administrative permit (Permit No. 31499) authorized 850 MCF/Day, for a 180-day period, from August 31, 2017 to February 28, 2018.
4. To continue the flaring authority, WPX sent a letter requesting a hearing dated August 6, 2018. A Notice of Hearing (NOH) was issued on August 29, 2018, to the Service List which included off-set operators. No protests were received.
5. A hearing was held on October 10, 2018.
6. WPX is seeking authority to flare casinghead gas from the two flare points associated with the CBR 16 Lease from May 20, 2018 to May 20, 2020, a period of 2 years, with a requested volume of 700 MCF/Day.
7. Testimony at the hearing indicates the CBR 16 Lease, Well Nos. 2H and 7H, are connected to a sales line and only require flaring during periods of routine maintenance, equipment malfunction, upset events and during sales line unavailability.
8. Testimony at the hearing indicates in 2018 that flare volumes from the CBR 16 Lease equates to about 6.8 percent of the total gas produced from the CBR 16 Lease or about three percent of energy equivalent when considering both oil and gas as an energy source.
9. WPX agreed via a letter dated October 10, 2018, 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.

**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).

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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.

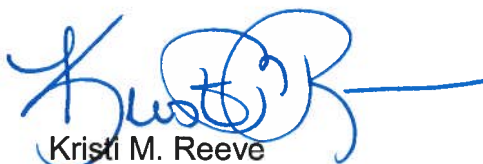
**EXAMINERS' RECOMMENDATION**

Based on the above findings of facts and conclusions of law, the Examiners recommend the Commission enter an order authorizing an exception to Statewide Rule 32 for the CBR 16 Lease, in the Phantom (Wolfcamp) Field, Loving County, Texas.

Respectfully submitted,



Robert Musick, P.G.  
Technical Examiner



Kristi M. Reeve  
Administrative Law Judge