



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL & GAS DOCKET NO. 8A-0313411

APPLICATION OF WINDY CAVE ENERGY II, LLC (931787) FOR AN EXCEPTION TO STATEWIDE RULE 32 FOR THE SUSIE FACILITY (COMMINGLE PERMIT NO. 5481) AND THE SARAH FACILITY (DRILLING PERMIT NO. 818668), PLATANG (SAN ANDRES) FIELD, YOAKUM COUNTY, TEXAS

HEARD BY: Peggy Laird – Technical Examiner
Clayton J. Hoover – Administrative Law Judge

PREPARED BY: Petar Buva – Technical Examiner

HEARING DATE: September 20, 2018
CONFERENCE DATE: February 5, 2019

APPEARANCES: **REPRESENTING:**

APPLICANT: Windy Cove Energy II, LLC

Kelli Kenney (Attorney)
Andy Vecsey (Director – Facilities & Construction)

EXAMINERS' REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Windy Cove Energy II, LLC (931787) ("Windy") is requesting a Statewide Rule 32 exception for the Bowers Facility formerly known as the Susie Facility (Commingle Permit No. 5481) and the Topaz Facility formerly known as the Sarah Facility (Drilling Permit No. 818668), Platang (San Andres) Field, Yoakum County, Texas. Notice of the application was provided to offset operators in the field and no protests were received. The application is unopposed, and the Technical Examiner and Administrative Law Judge (collectively, "Examiners") recommend approval of a Statewide Rule 32 exception for the Susie Facility and the Sarah Facility as requested by Windy.

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.

The Commission received a hearing request for a Statewide Rule 32 exception renewal for the Susie Facility, now called the Bowers Facility, (Comminge Permit No. 5481) and the Sarah Facility, now called Topaz Facility, (Drilling Permit No. 818668) on July 17, 2018 to consider a two-year extension. Windy was granted Flaring Permit No. 33734, effective January 25, 2018 through July 25, 2018 to flare a maximum of 176 thousand cubic feet ("MCF") per day of gas for the flare point associated with the Comminge Permit No. 5481. Windy was granted Flaring Permit No. 33829, effective February 10, 2018 through August 10, 2018 to flare a maximum of 60 MCF per day for the flare point associated with the Drilling Permit No. 818668.

Chevron seeks authorization to flare 1,500 MCF per day from the flare points associated with the Comminge Permit 5481 from July 25, 2018 through July 25, 2020. Chevron seeks authorization to flare 500 MCF per day from the flare points associated with the Drilling Permit No. 818668 from August 11, 2018 through August 11, 2020. The wells associated with the Comminge Permit No. 5481 and Drilling permit No. 818668 are not connected to a salesline, because the distance of the wells to the closest salesline and the amount of gas produced deem the construction of connecting pipeline uneconomical. A curtailment of gas production by reducing production or shutting in well would result in mechanical difficulties and/or reduction of ultimate recovery from the reservoir.

Windy agreed that pursuant to the provisions of Texas Government Code §2001.144(a)(4)(A), this Final Order can 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 in the subject field at least ten days prior to the date of hearing. There were no protests to the application.
2. The Commission received a hearing request for a Statewide Rule 32 exception for the flare points associated with Comminge Permit No. 5481 and Drilling Permit No. 818668 on July 17, 2018.
3. Windy requests an exception to Statewide Rule 32 for the flare point associated with the Comminge Permit No. 5481 for a period of two years from July 25, 2018 through July 25, 2020 to flare a maximum of 1,500 MCF of gas per day.
4. Windy requests an exception to Statewide Rule 32 for the flare point associated with the Drilling Permit No. 818668 for a period of two years from August 11, 2018 through August 11, 2020 to flare a maximum of 500 MCF of gas per day.

5. Windy was granted Flaring Permit No. 33734, effective January 25, 2018 through July 25, 2018 to flare a maximum of 176 thousand cubic feet ("MCF") per day of gas for the flare point associated with the Commingle Permit No. 5481.
6. Windy was granted Flaring Permit No. 33829, effective February 10, 2018 through August 10, 2018 to flare a maximum of 60 MCF per day for the flare point associated with the Drilling Permit 818668.
7. The requested Rule 32 Exception is necessary to avoid curtailment of gas production by reducing production or shutting in well, which would result in mechanical difficulties and/or reduction of ultimate recovery from the reservoir.
8. Windy agreed in writing or on the record that, pursuant to the provisions of Texas Government Code §2001.144(a)(4)(A), this Final Order can be final and effective on the date a Master Order relating to this Final Order is signed.

CONCLUSIONS OF LAW

1. Notice was issued as required by applicable statutes and commission rules.
2. All things have occurred and been accomplished to give the Commission jurisdiction in this matter.
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 by agreement of the parties in writing or on the record, the Final Order can be final and 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 the flaring point associated with the Commingle Permit No. 5418 for a period of two years from July 25, 2018 through July 25, 2020 to flare a maximum of 1,500 MCF of gas per day, and for the flaring point associated with the Drilling Permit No. 818668 for a period of two years from August 11, 2018 through August 11, 2020 to flare a maximum of 500 MCF of gas per day, Platang (San Andres) Field, Yoakum County, Texas as requested by Windy Cove Energy II, LLC.

Respectfully submitted,



Petar Buva
Technical Examiner



Clayton J. Hoover
Administrative Law Judge