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DANA AVANT LEWIS, *DIRECTOR*

# RAILROAD COMMISSION OF TEXAS

## HEARINGS DIVISION

**OIL & GAS DOCKET NO. 08-0315889**

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**APPLICATION OF HALCON OPERATING CO., INC. (344412) FOR AN EXCEPTION TO STATEWIDE RULE 32 FOR THE BAILEY SALES POINT, (FLARE PERMIT NO. 34885), ELIZABETH SALES POINT, (FLARE PERMIT NO. 34886), SUMMIT BATTERY, (FLARE PERMIT NO. 34383), PHANTOM (WOLFCAMP) FIELD, WOLFBONE (TREND AREA) FIELD, AND HOEFS T-K (WOLFCAMP) FIELD, PECOS, REEVES, AND WARD COUNTIES, TEXAS**

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**HEARD BY:** Petar Buva – Technical Examiner  
Kristi M. Reeve – Administrative Law Judge

**HEARING DATE:** December 18, 2018

**CONFERENCE DATE:** February 26, 2019

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

**APPLICANT:** Halcon Operating Co., Inc.

Mark Hanna (Attorney)  
James M. Clark (Engineer)

### EXAMINERS' REPORT AND RECOMMENDATION

#### STATEMENT OF THE CASE

Halcon Operating Co., Inc. (344412) ("Halcon") is requesting a Statewide Rule 32 flaring exception for the Bailey Sales Point (Flare Permit No. 34885), Elizabeth Sales Point (Flare Point No. 34886), and Summit Battery (Flare Permit No. 34383), Phantom (Wolfcamp) Field, Wolfbone (Trend Area) Field, and Hoefs T-K (Wolfcamp) Field, in Pecos, Reeves, and Ward Counties, Texas. Notice of the applications was provided to offset operators in the field and no protests were received. The notice included application for the Sealy Ranch 5902H flare point but was withdrawn at the hearing. The applications

are unopposed, and the Technical Examiner and Administrative Law Judge (collectively, "Examiners") recommend approval of a Statewide Rule 32 exception for the four flare points as requested by Halcon.

### 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 a flaring exception, or flaring exception renewal required by this section.

Halcon requests an exception to Statewide Rule 32 for its three flare points: The Bailey Sales Point (Flare Permit No. 34885), Elizabeth Sales Point (Flare Point No. 34886), and Summit Battery (Flare Permit No. 34383). Halcon requests permission to flare for following time periods and rates:

<b>Flare Point</b>	<b>Volume / MCF per day</b>	<b>Duration</b>
Bailey Sales	15,000	August 16, 2018 – August 15, 2020
Elizabeth Sales	15,000	August 16, 2018 – August 15, 2020
Summit Battery	5,000	September 6, 2018 – September 5, 2020

Halcon filed a hearing request for flare points Bailey Sales Point, Elizabeth Sales Point, and Summit Battery on July 25, 2018. The prior administrative flaring exception permits are:

<b>Flare Point</b>	<b>Flare Permit</b>	<b>Expiration</b>
Summit Battery	34883	September 5, 2018
Bailey Sales	34885	August 15, 2018
Elizabeth Sales	34886	August 15, 2018

Halcon requests flaring during routine maintenance or sales line unavailability.

Halcon 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. On July 25, 2018, the Commission received a hearing request from Halcon for an exception to Statewide Rule 32 for the flare points Bailey Sales, Elizabeth Sales, and Summit Battery.

3. Halcon requests an exception to Statewide Rule 32 for the Bailey Sales and Elizabeth flare points for a period of two years from August 16, 2018 through August 15, 2020 to flare a maximum of 15,000 MCF of gas per day.
4. Halcon requests an exception to Statewide Rule 32 for the Summit Battery flare point for a period of two years from September 6, 2018 through September 5, 2020 to flare a maximum of 5,000 MCF of gas per day.
5. The Summit Battery was flaring under the Flare Permit No. 34883 that expired on September 5, 2018. The Bailey Sales flare point was flaring under the Flare Permit No. 34885 that expired on August 15, 2018. The Elizabeth Sales was flaring under the Flaring Permit No. 34886 that expired on August 15, 2018.
6. 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.
7. Halcon 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 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 Bailey Sales Point, Elizabeth Sales Point, and Summit Battery, in the Phantom (Wolfcamp) Field, Wolfbone (Trend Area) Field, and Hoefs T-K (Wolfcamp) Field, in Pecos, Reeves, and

Ward Counties, Texas as shown in the Attachment 1 and requested by Halcon Operating Co., Inc.

Respectfully submitted,



Petar Buva  
Technical Examiner



Kristi M. Reeve  
Administrative Law Judge

**Attachment 1**

<b>Flare Point</b>	<b>Volume / MCF per day</b>	<b>Duration</b>
Bailey Sales	15,000	August 16, 2018 – August 15, 2020
Elizabeth Sales	15,000	August 16, 2018 – August 15, 2020
Summit Battery	5,000	September 6, 2018 – September 5, 2020