



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL & GAS DOCKET NO. 08-0315559

THE APPLICATION OF GORDY OIL COMPANY (317150) FOR AN EXCEPTION TO STATEWIDE RULE 32 TO FLARE CASINGHEAD GAS FROM THE DON JULIO/FATBOY TANK BATTERY (COMMINGLING PERMIT NO. 08-8439) AND THE SPRINGER/TECATE TANK BATTERY (COMMINGLING PERMIT NO. 08-8440) WOLFBONE (TREND AREA) FIELD, PECOS COUNTY, TEXAS

HEARD BY: Richard Eyster, P. G. – Technical Examiner
Lynn Latombe – Administrative Law Judge

HEARING DATE: December 5, 2018

CONFERENCE DATE: February 26, 2019

APPEARANCES:

Dale Miller

Gordy Oil Company

EXAMINERS' REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Gordy Oil Company, ("Gordy") seeks an exception to Statewide Rule 32 (16 Tex. Admin. Code § 3.32) to flare casinghead gas from the Don Julio/Fatboy Tank Battery (Commingling Permit No. 08-8439) and the Springer/Tecate Tank Battery (Commingling Permit No. 08-8440) Wolfbone (Trend Area) Field, Pecos County, Texas. Gordy seeks authority to flare casinghead gas from the Don Julio/Fatboy Tank Battery and the Springer/Tecate Tank Battery for two years at the volumes shown in Appendix A. 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.

Gordy received a 180-day administrative permit (Permit No 34014) for the Don Julio/Fatboy Tank Battery and Permit No. 34382 for the Springer/Tecate Tank Battery. due to intermittent pipeline issues and filed for a hearing on October 4, 2018 to extend the flare permits for an additional two years. Gordy is requesting to flare up to 2,000 cubic feet per day ("mcf/d") of casinghead gas per tank battery due to the economics of connecting to a pipeline. Gordy estimates it will cost \$1.4 million to connect to the nearest pipeline which is 1.3 miles from the tank batteries. Gordy estimates the total remaining revenue from the sale of the gas is \$893,487. The calculated loss is \$531,214 making it uneconomical for Gordy to connect to the pipeline at this time. Gordy is currently attempting to negotiate a new gas contract to get more of its gas from two tank batteries to sales. Gordy stated that once a pipeline connection is secured they will also need intermittent flaring authority due to pipeline upsets. Therefore, Gordy seeks a Commission final order granting two-year authority to flare the amounts and dates shown in Appendix A. Gordy stated that without additional flaring authority they will have to shut the wells in causing waste and perhaps harm to the reservoir.

Gordy agreed that, pursuant to the provisions of Texas Government Code § 2001.144(a)(4)(A), this Final Order shall 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 all parties entitled to notice at least ten days prior to the date of hearing.
2. Gordy applied for a hearing to extend the flaring authority more than 21 days before the administrative permits expired.
3. Gordy is requesting to flare 2,000 mcf/d of casinghead gas for two years from each of the two tank batteries in Appendix A.
4. There is an ongoing need for intermittent flaring due to the lack of a current economical pipeline connection.
5. Intermittent flaring will also be necessary due to pipeline upsets.
6. Gordy agreed that, pursuant to the provisions of Texas Government Code § 2001.144(a)(4)(A), this Final Order shall be final and effective on the date a Master Order relating to this Final Order is signed.
7. Without a final order authorizing the flaring, Gordy Oil Company will have to shut the wells in causing waste and possible harm to the reservoir.

APPENDIX A

Permit No.	Lease/ Drilling Permit/ Commingled Permit/ Plant No./RRC ID	Lease Name or Facility/Flare Point Name	Permit Start Date	Permit End Date	Maximum Flare Volume (MCF/Day)	Additional Information/Notes (i.e. Well Nos, Lat. Long., etc.)
34014	08-8439	Don Julio/FatBoy	11/13/18	11/12/20	2,000	371-39551 371-39645
34382	08-8440	Springer/ Tecate	10/12/18	10/11/20	2000	371-39554 371-39557


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. Gordy Oil 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 points listed in Appendix A.
4. Gordy agreed that, pursuant to the provisions of Texas Government Code § 2001.144(a)(4)(A), this final order shall be final and effective on the date 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 the Commission enter an order approving the application as requested by Gordy Oil Company.

Respectfully submitted,



Richard Eyster, P. G.
Technical Examiner



Lynn Latombe
Administrative Law Judge