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DANA AVANT LEWIS, *DIRECTOR*

RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL AND GAS DOCKET NO. 08-0317646

APPLICATION OF WPX ENERGY PERMIAN, LLC (942623) FOR AN EXCEPTION TO STATEWIDE RULE 32 FOR THE PECOS STATE 46 (GAS ID NO. 282460) LEASE, WELL 5H, PHANTOM (WOLFCAMP) FIELD, LOVING COUNTY, TEXAS

HEARD BY: John L. Moore – Technical Examiner
Kristi M. Reeve – Administrative Law Judge

HEARING DATE: March 26, 2019
RECORD CLOSED: March 27, 2019
CONFERENCE DATE: April 23, 2019

APPEARANCES:

Bill G. Spencer, Consultant
James M. Clark, P.E.

REPRESENTING:

WPX Energy Permian, LLC

EXAMINERS' REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

WPX Energy Permian, LLC (942632) ("WPX") seeks a two-year Statewide Rule ("SWR") 32 exception authority to flare a maximum of 300 thousand cubic feet per day ("Mcf/d") of gas well gas from the Pecos State 46 (Gas ID No. 282460) Lease ("Lease"), Well 5H, from February 23, 2019 to February 23, 2021, Phantom (Wolfcamp) Field, Loving County, Texas. WPX was granted an administrative SWR 32 exception authority (Flare Permit No. 33825), terminating February 22, 2019. Having exhausted its administrative recourse, WPX now comes before the Commission requesting consideration of a two-year SWR 32 exception authority. The gas from the Lease is gathered and transported to a plant partially owned by WPX. Occasionally, the gas plant and third-party purchasers are unable to take the gas, resulting in approximately 2% Mcf equivalent of production being flared. The flaring exception authorization is a measure to ensure legal disposition of all gas produced from the Lease. WPX submitted its SWR 32 exception authority request for hearing on January 22, 2019, well before the

administrative permit's expiration. Proper notice of the docket hearing was sent to the offset operators and the application is unopposed. The Technical Examiner and Administrative Law Judge (collectively, "Examiners") recommend approval of the application.

DISCUSSION OF THE EVIDENCE

SWR 32 governs the utilization for legal purposes of natural gas produced under the jurisdiction of the Railroad Commission. Specifically, SWR 32(h) provides that an exception to flare natural gas in volumes greater than 50 MCFD may be granted administratively for a period up to 180 days. SWR 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. Beyond that, SWR 32(h) provides that exceptions shall be granted only in a final order signed by the Commission.

WPX seeks a two-year SWR 32 exception authority to flare a maximum of 300 Mcfd of gas well gas from the Lease extending from February 23, 2019 to February 23, 2021, (see Attachment A).

WPX was granted an administrative SWR 32 exception authority (Flare Permit No. 33825), terminating February 22, 2019. Having exhausted its administrative recourse, WPX now comes before the Commission requesting consideration of a two-year SWR 32 exception authority, (see Attachment B).

The gas from the Lease is gathered and transported to a plant partially owned by WPX. Occasionally, the gas plant and third-party purchasers are unable to take the gas, resulting in approximately 2% Mcf equivalent of production being flared. The flaring exception authorization is a measure to ensure legal disposition of all gas produced from the Lease. WPX submitted its SWR 32 exception authority request for hearing on January 22, 2019, well before the administrative permit's expiration.

WPX 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. Proper notice of this hearing was provided to all offset operators and no protests were received.

2. WPX was granted an administrative SWR 32 exception authority (Flare Permit No. 33825), terminating February 22, 2019.
3. WPX seeks a two-year SWR 32 exception authority to flare 300 Mcfd of gas well gas from February 23, 2019 to February 23, 2021 from Lease, Phantom (Wolfcamp) Field, Loving County, Texas.
4. The gas from the Lease is gathered and transported to a plant partially owned by WPX. Occasionally, the gas plant and third-party purchasers are unable to take the gas, resulting in approximately 2% Mcf equivalent of production being flared.
5. WPX submitted it's SWR 32 exception authority request for hearing on January 22, 2019.
6. Continued Commission authority to flare gas from the Lease will allow WPX to produce hydrocarbon liquids and gas and thereby reduce waste and harm to the producing reservoir.
7. The Commission's SWR 32 exception authority to flare gas is a measure to ensure legal disposition of all casinghead gas from the Lease.
8. In the hearing, WPX agreed on the record that the Final Order in this docket, if not adverse, is to be effective when the Master order is signed.

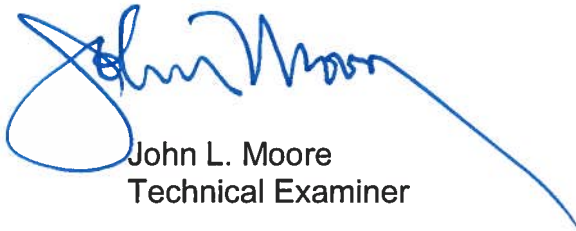
CONCLUSIONS OF LAW

1. Proper notice was issued as required by all applicable statutes and regulatory codes.
2. All things have occurred and been accomplished to give the Commission jurisdiction in this matter.
3. Title 16, Texas Administrative Code 3.32(h) provides for SWR 32 exception authority.
4. WPX on the record agree 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.

EXAMINERS' RECOMMENDATION

Based on the above findings of fact and conclusions of law, the Examiners recommend that the Commission grant WPX Energy Permian, LLC's request for a two-year Statewide Rule 32 exception authority to flare 300 Mcfd of gas well gas from February 23, 2019 to February 23, 2021 from the Pecos State 46 (Gas ID No. 282460) Lease, Well 5H, Phantom (Wolfcamp) Field, Loving County, Texas.

Respectfully submitted,



John L. Moore
Technical Examiner



Kristi M. Reeve
Administrative Law Judge

ATTACHMENT A – PROPOSED FLARE EXCEPTION AUTHORITY

Permit No.	Commingle Permit No. (If Applicable)	Flare Point Name	Permit Start Date (1)	Permit End Date	Proposed Maximum Flare Volume (Mcf/d)	Casinghead Gas or Gas Well Gas
33825	N/A	PECOS STATE 46 No. 5H	FEBRUARY 23, 2019	FEBRUARY 23, 2021	300	Gas Well Gas

Note: Mcfd = Thousand Cubic Feet Per Day

ATTACHMENT B – ALL PREVIOUSLY APPROVED FLARE EXCEPTION AUTHORITY(IES)

Previous Flare Exception Permit No.	Commingle Permit No. (if applicable)	Flare Point Name	Previous Exception Authority Type (Admin. or Final Order No.)	Previous Permit End Date	Previous Maximum Flare Volume (Mcf)	Casinghead Gas or Gas Well Gas
33825	N/A	Pecos State 46 No. 5H	Admin.	June 30, 2018	200	Gas Well Gas
33825	N/A	Pecos State 46 No. 5H	Admin.	February 22, 2019	300	Gas Well Gas

Note: Mcfd = Thousand Cubic Feet Per Day