



# RAILROAD COMMISSION OF TEXAS

## HEARINGS DIVISION

**OIL AND GAS DOCKET NO. 08-0315040**

**APPLICATION OF ANADARKO E&P ONSHORE LLC (020528) FOR AN EXCEPTION TO STATEWIDE RULE 32 FOR VARIOUS FLARE POINTS IN THE PHANTOM (WOLFCAMP) FIELD, LOVING, REEVES, AND WARD COUNTIES, TEXAS**

**HEARD BY:** Robert Musick, P.G. – Technical Examiner  
Clayton Hoover - Administrative Law Judge

**HEARING DATE:** November 6, 2018

**CONFERENCE DATE:** January 23, 2019

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

**APPLICANT:**

Ana Maria Marsland  
David Christian, P.E.

Anadarko E&P Onshore LLC

**EXAMINERS' REPORT AND RECOMMENDATION**

**STATEMENT OF THE CASE**

Anadarko E&P Onshore LLC ("E&P") seeks an exception to 16 TAC §3.32 for the leases, wells and associated flare points in their Application for the Phantom (Wolfcamp) Field, Loving, Reeves, and Ward Counties, Texas.

E&P is requesting flaring authority for the leases and their associated flare points for a two-year period through a Final Order. All leases have previously been granted an administrative exception through the issuance of a flaring permit. In general, the two-year flaring authority through a Final Order is requested to flare casinghead gas and gas for routine maintenance periods or sales line unavailability.

The E&P Application is unopposed, and the Technical Examiner and Administrative Law Judge (collectively "Examiners") recommend approval of the exception to Statewide Rule 32 for the leases, wells and their associated 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. E&P 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.*

E&P was previously granted an administrative exception to Statewide Rule 32, for all leases and associated flare points in Attachment A. In addition, Attachment A identifies the previous flaring authority for leases, their administrative exception period, assigned flare permit number, and the approved flare volumes.

To continue the flaring authority of casinghead gas and gas after expiration of the administrative exception, E&P sent a letter dated September 12, 2018 and October 1, 2018, requesting a hearing. The Hearings Division issued a Notice of Hearing to the Service List on October 23, 2018. Notice of the hearing was given to all parties entitled to notice at least ten (10) days prior to the date of the hearing.

A public hearing was held on November 6, 2018 to continue flaring authority for the leases and their associated flare points for a period of two years. Attachment B identifies the lease information, assigned flare permit numbers, the flare volumes and flaring authority sought by E&P.

Evidence in the record indicates many of the wells associated with the subject leases have concentration of hydrogen sulfide ("H<sub>2</sub>S") in casinghead gas or gas, but the concentrations of H<sub>2</sub>S are typically below the threshold for the pipeline to accept for the market. The percentage of casinghead gas or gas that is flared from the subject leases is less than 4.8 percent of total production with the average percentage of casinghead gas or gas being flared is 0.8 percent. Testimony indicates the two-year flaring authority through a Final Order is requested to flare casinghead gas and gas for routine maintenance periods or sales line unavailability.

E&P agreed on the record, that, pursuant to the provisions of Texas Government Code §2001.144(a)(4)(A), the Final Orders in these cases shall be final and effective on the date a Master Order relating to these Final Orders is signed.

The Examiners recommend the exceptions be granted.

**FINDINGS OF FACT**

1. The Hearings Division issued a Notice of Hearing ("Notice") to the Service List for each captioned docket. Notice was given to all parties entitled to notice at least ten (10) days prior to the date of the hearing. There were no protests to the applications.
2. E&P Anadarko E&P Onshore LLC ("E&P") seeks an exception to 16 TAC §3.32 for the leases, wells and associated flare points in their Application for the Phantom (Wolfcamp) Field, Loving, Reeves, and Ward Counties, Texas.
3. E&P was previously granted an administrative exception to Statewide Rule 32, for all leases and associated flare points in Attachment A. In addition, Attachment A identifies the previous flaring authority for leases, their administrative exception period, assigned flare permit number, and the approved flare volumes.
4. To continue the flaring authority of casinghead gas and gas after expiration of the administrative exception, E&P sent a letter dated September 12, 2018 and October 1, 2018, requesting a hearing.
5. The Hearings Division issued a Notice of Hearing to the Service List on October 23, 2018. Notice of the hearing was given to all parties entitled to notice at least ten (10) days prior to the date of the hearing.
6. A public hearing was held on November 6, 2018, to continue flaring authority for the leases and their associated flare points for a period of two years. Attachment B identifies the lease information, assigned flare permit numbers, the flare volumes and flaring authority sought by E&P.
7. Evidence in the record indicates many of the wells associated with the subject leases have concentration of H<sub>2</sub>S in casinghead gas or gas, but the concentrations of H<sub>2</sub>S are typically below the threshold for the pipeline to accept for the market. The percentage of casinghead gas and gas that is flared from the E&P leases is less than 4.8 percent of total cumulative production with the average percentage of casinghead gas and gas being flared is 0.8 percent.
8. Testimony indicates the two-year flaring authority through a Final Order is requested to flare casinghead gas and gas for routine maintenance periods or sales line unavailability.
9. E&P agreed, that, pursuant to these 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 these Final Orders is signed.

**CONCLUSIONS OF LAW**

1. Resolution of the subject applications 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 and 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 the agreement of the applicant, the Final Orders in this case is final and effective when a Master Order relating to the Final Orders is signed.

**EXAMINERS' RECOMMENDATION**

Based on the above findings of facts and conclusions of law, the Examiners recommend the Commission enter an order granting exceptions to Statewide Rule 32 for the leases, wells and associated flare points in the E&P Application for the Phantom (Wolfcamp) Field, Loving, Reeves, and Ward Counties, Texas.

Respectfully submitted,



Robert Musick, P.G.  
Technical Examiner



Clayton Hoover  
Administrative Law Judge

**Attachment A – Previous Authorized Flaring Authority**

Current Docket and Lease Name	Lease No.	Flare Permit No.	Maximum Daily Flaring Volume (MCF/Day)	Administrative Flaring Period and Flare Authority Expiring Date	
Alcatraz State 34-141 Pad	49569 49585	34418	230	180 days	12/29/2018
Big Cypress 56-2-13 1H	282674	34428	90	180 days	12/29/2018
Carlsbad/Hammehad Pad	49017 283257	34427	200	180 days	12/29/2018
Cheyenne 57-3-13 Central Facilities	48203 277704 279227 280576	34426	140	180 days	12/29/2018
Cottonwood Facility	283106 283753 283393 DP834063	35861	275	120 Days	10/29/2018
Kaycee State Kraken Shared Facility	48202 283122 278913 282673	34425	120	180 Days	12/29/2018
Leavenworth 34-139 Unit 1H Pad	49477 49537	34424	130	90 Days	12/29/2018
Leila Christy Estate Facility	49212 49267 49345	34423	95	180 Days	12/29/2018

Current Docket and Lease Name	Lease No.	Flare Permit No.	Maximum Daily Flaring Volume (MCF/Day)	Administrative Flaring Period and Flare Authority Expiring Date	
Loving AC Production Pad	48452 49181 282214	34422	220	180 Days	12/29/2018
Loving K Production Pad	48229 48236 48261 281886	34421	160	180 Days	12/29/2018
Loving Z Production Pad	48863 282757	34419	315	180 Days	12/29/2018
Melville State Unit 2-6 Tank Battery	5 leases 47474	33209 Commingle Permit 08-7525	75	180 Days	09/09/2018
Monroe 169 Gathering Station 1	42084 42445 42521 43860	34429	310	180 Days	12/29/2018
Monroe 34-172 3H & 4H Pad	49058	34403	80	180 Days	12/29/2018
Monroe 34-190 3H Pad	49865	34402	75	180 Days	12/29/2018

Current Docket and Lease Name	Lease No.	Flare Permit No.	Maximum Daily Flaring Volume (MCF/Day)	Administrative Flaring Period and Flare Authority Expiring Date	
Monroe 34-220 Pad (Monroe 34-220 4H)	49801	34404	75	180 Days	12/29/2018
Monroe 34-221 Pad (34-221 Unit 2H)	42356	34405	80	180 Days	12/29/2018
Monroe A Pad ( 34-220 5H & 34-221 2H)	49613, 49801	34406	90	180 Days	12/29/2018
Monroe B Pad ( 34-178 6H, SRO 34-178 U 1H & U 2H)	40778 50193 830596	34407	90	180 Days	12/29/2018
Pelican Bay 34-180 Pad (P Bay 34-180 U 1H & Cross VR 34-170 u 1H)	49224 49329	34408	200	180 Days	12/29/2018
Rippin Wrangler C26-Pad 19 1H, 2H, 3H & 4HR	47908	34410	200	180 Days	12/29/2018

Current Docket and Lease Name	Lease No.	Flare Permit No.	Maximum Daily Flaring Volume (MCF/Day)	Administrative Flaring Period and Flare Authority Expiring Date	
<b>Ruck U 3-17 Production Pad</b> (1H, Irene O 3-18 1H, Ruck U 3-17 2HR, & Hanging H 3-18 U 1H Prod Facility)	47428 47843 283107 283229	34409	210	180 Days	12/29/2018
<b>Sage State 34-141 Pad</b> <i>Unit 1H, 2H, 3H &amp; 4H</i>	49916	34411	112	180 Days	12/29/2018
<b>Loving M Production Pad</b> (Savage 54-2-22 Unit 1H (Loving M Pad on CygNet))	283091	34420	70	180 Days	12/29/2018
<b>Verde State 34-153 Unit 1H Pad</b>	49642	34412	115	180 Days	12/29/2018
<b>Walnut 55-1-46 Unit 1H &amp; 2H Pad</b>	49268 283888	34413	185	90 Days	12/29/2018
<b>Willow, Elm, Cascades Facility</b> (Cascades 55-1-26 U1H, Elm 55-1-36 U1H & Willow 55-1-36 U1H)	49421 283226 283143	34414	360	180 Days	12/29/2018



Current Docket and Lease Name	Lease No.	Flare Permit No.	Maximum Daily Flaring Volume (MCF/Day)	Administrative Flaring Period and Flare Authority Expiring Date	
<b>Winghead Central Facility</b> <i>(Casper 57-2-11 1H &amp; Winghead 57-2-13 1H)  Casper 57-2-11 Pad in CygNet</i>	48324 48325	34415	145	180 Days	12/29/2018
<b>Yokum Central Facility</b> <i>(19-4 1H, 2H, &amp; 3H)</i>	47233	34416	140	180 Days	12/29/2018
<b>Zion Arches 55-1-17 Pad</b> <i>(Zion 55-1-17 U1H &amp; Arches 55-1-17 U1H)</i>	284115 284201	34417	230	180 Days	12/29/2018
<b>Covington 34-22A 5H Includes</b> <i>the Enchilada 34-223 1H and Chimichanga 34-223 Unit 1H</i>	279308 831385 831694	34963	250	90 Days	10/25/2018
<b>Galapagos Battery</b> <i>Includes the Bagwell C27-1 1H, Galapagos 53-2-45 1H, and MDJ C27-1 1H</i>	42447 42760 277750	34962	50	90 Days	10/25/2018

Current Docket and Lease Name	Lease No.	Flare Permit No.	Maximum Daily Flaring Volume (MCF/Day)	Administrative Flaring Period and Flare Authority Expiring Date	
Loving J <i>Includes the Hickory &amp; Magnolia 55-2-1 Unit 1H</i>	282326 282242	33210	140	180 Days	9/9/2018

**Note: NA = Not Applicable**

**MCF/Day = Thousand Cubic Feet Per Day**

**ATTACHMENT B - FLARE AUTHORITY**

Current Docket and Lease Name	Lease No.	Well Nos.	Flare Permit No.	Maximum Daily Flaring Volume (MCF/Day)	Dates of Requested Flaring Authority	
					2 Year Period	
<b>Alcatraz State 34-141 Pad</b>	49569 49585	2 Oil Wells	34418	230	12/30/2018	12/30/2020
<b>Big Cypress 56-2-13 1H</b>	282674	1 Gas Well w/H2S	34428	90	12/30/2018	12/30/2020
<b>Carlsbad/Hammerhead Pad</b>	49017 283257	2 Wells Gas and Oil with H2S	34427	200	12/30/2018	12/30/2020
<b>Cheyenne 57-3-13 Central Facilities</b>	48203 277704 279227 280576	4 wells Gas and Oil Well	34426	140	12/30/2018	12/30/2020
<b>Cottonwood Facility</b>	283106 283753 283393 DP834063	4 wells, gas wells	35861	275	10/30/2018	10/30/2020
<b>Kaycee State Kraken Shared Facility</b>	48202 283122 278913 282673	4 wells 3 Gas and 1 oil and H2S	34425	120	12/30/2018	12/30/2020
<b>Leavenworth 34-139 Unit 1H Pad</b>	49477 49537	2 Oil well with H2S	34424	130	12/30/2018	12/30/2020
<b>Leila Christy Estate Facility</b>	49212 49267 49345	3 oil wells w/H2S	34423	95	12/30/2018	12/30/2020

Current Docket and Lease Name	Lease No.	Well Nos.	Flare Permit No.	Maximum Daily Flaring Volume (MCF/Day)	Dates of Requested Flaring Authority	
					2 Year Period	
Loving AC Production Pad	48452 49181 282214	3 wells with 2 oil and 1 gas with H2S	34422	220	12/30/2018	12/30/2020
Loving K Production Pad	48229 48236 48261 281886	4 wells with 3 oil and 1 gas with H2S	34421	160	12/30/2018	12/30/2020
Loving Z Production Pad	48863 282757	2 wells with 1 oil and 1 gas	34419	315	12/30/2018	12/30/2020
Melville State Unit 2-6 Tank Battery	5 leases 47474	5 Oil Wells with H2S	33209 Commingle Permit 08-7525	75	9/10/2018	9/10/2020
Monroe 169 Gathering Station 1	42084 42445 42521 43860	11 Wells, oil with H2S	34429	310	12/30/2018	12/30/2020
Monroe 34-172 3H & 4H Pad	49058	2 oil well with H2S	34403	80	12/30/2018	12/30/2020
Monroe 34-190 3H Pad	49865	1 Well, oil	34402	75	12/30/2018	12/30/2020
Monroe 34-220 Pad (Monroe 34-220 4H)	49801	1 Well, oil	34404	75	12/30/2018	12/30/2020

Current Docket and Lease Name	Lease No.	Well Nos.	Flare Permit No.	Maximum Daily Flaring Volume (MCF/Day)	Dates of Requested Flaring Authority	
					2 Year Period	
<b>Monroe 34-221 Pad</b> (34-221 Unit 2H)	42356	1 well, oil	34405	80	12/30/2018	12/30/2020
<b>Monroe A Pad</b> ( 34-220 5H & 34-221 2H)	49613, 49801	2 wells, oil	34406	90	12/30/2018	12/30/2020
<b>Monroe B Pad</b> ( 34-178 6H, SRO 34-178 U 1H & U 2H)	40778 50193 830596	3 wells with H2S	34407	90	12/30/2018	12/30/2020
<b>Pelican Bay 34-180 Pad</b> (P Bay 34-180 U 1H & Cross VR 34-170 u 1H)	49224 49329	2 wells, oil with H2S	34408	200	12/30/2018	12/30/2020
<b>Rippin Wrangler C26-Pad</b> 19 1H, 2H, 3H & 4HR	47908	4 wells, oil	34410	200	12/30/2018	12/30/2020
<b>Ruck U 3-17 Production Pad</b> (1H, Irene O 3-18 1H, Ruck U 3-17 2HR, & Hanging H 3-18 U 1H Prod Facility)	47428 47843 283107 283229	4 wells with H2S; 2 Oil and 2 Gas	34409	210	12/30/2018	12/30/2020

Current Docket and Lease Name	Lease No.	Well Nos.	Flare Permit No.	Maximum Daily Flaring Volume (MCF/Day)	Dates of Requested Flaring Authority	
					2 Year Period	
<b>Sage State 34-141 Pad</b> <i>Unit 1H, 2H, 3H &amp; 4H</i>	49916	1 oil Well with H2S	34411	112	12/30/2018	12/30/2020
<b>Loving M Production Pad</b> ( <i>Savage 54-2-22 Unit 1H (Loving M Pad on CygNet)</i> )	283091	1 Well, gas with H2S	34420	70	12/30/2018	12/30/2020
<b>Verde State 34-153 Unit 1H Pad</b>	49642	1 Well, oil with H2S	34412	115	12/30/2018	12/30/2020
<b>Walnut 55-1-46 Unit 1H &amp; 2H Pad</b>	49268 283888	2 Wells, oil and gas, H2S	34413	185	12/30/2018	12/30/2020
<b>Willow, Elm, Cascades Facility</b> ( <i>Cascades 55-1-26 U1H, Elm 55-1-36 U1H &amp; Willow 55-1-36 U1H</i> )	49421 283226 283143	3 Wells, 1 oil and 2 gas with H2S	34414	360	12/30/2018	12/30/2020
<b>Winghead Central Facility</b> ( <i>Casper 57-2-11 1H &amp; Winghead 57-2-13 1H) Casper 57-2-11 Pad in CygNet</i>	48324 48325	2 Wells, oil	34415	145	12/30/2018	12/30/2020
<b>Yokum Central Facility</b> ( <i>19-4 1H, 2H, &amp; 3H</i> )	47233	3 Wells, oil	34416	140	12/30/2018	12/30/2020
<b>Zion Arches 55-1-17 Pad</b> ( <i>Zion 55-1-17 U1H &amp; Arches 55-1-17 U1H</i> )	284115 284201	2 Wells, gas with H2S	34417	230	12/30/2018	12/30/2020

Current Docket and Lease Name	Lease No.	Well Nos.	Flare Permit No.	Maximum Daily Flaring Volume (MCF/Day)	Dates of Requested Flaring Authority	
					2 Year Period	
<b>Covington 34-22A 5H</b> <i>Includes the Enchilada 34-223 1H and Chimichanga 34-223 Unit 1H</i>	279308 831385 831694	3 Wells, gas with H2S:	34963	250	10/26/2018	10/26/2020
<b>Galapagos Battery</b> <i>Includes the Bagwell C27-1 1H, Galapagos 53-2-45 1H, and MDJ C27-1 1H</i>	42447 42760 277750	3 wells with H2S; 1 gas and 2 oil	34962	50	10/26/2018	10/26/2020
<b>Loving J</b> <i>Includes the Hickory &amp; Magnolia 55-2-1 Unit 1H</i>	282326 282242	2 wells, gas with H2S	33210	140	9/10/2018	19/10/2020

**Note: NA = Not Applicable**

**MCF/Day = Thousand Cubic Feet Per Day**