



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL AND GAS DOCKET NO. 08-0317661

APPLICATION OF UPCURVE ENERGY, LLC (878506) FOR AN EXCEPTION TO STATEWIDE RULE 32 FOR VARIOUS WELLS AND LEASES IN THE PHANTOM (WOLFCAMP) FIELD, REEVES COUNTY, TEXAS

HEARD BY: Robert Musick, P.G. – Technical Examiner
Lynn Latombe – Administrative Law Judge

HEARING DATE: March 27, 2019

CONFERENCE DATE: May 21, 2019

APPEARANCES:

James M. Clark, P.E.

REPRESENTING:

Upcurve Energy, LLC

EXAMINERS' REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Upcurve Energy, LLC ("Upcurve") seeks an exception to Statewide Rule 32 (16 TAC §3.32) to flare casinghead gas associated with the Phantom (Wolfcamp) Field, Reeves County, Texas. The current flaring permit for the B. Johnson State 33 Lease is Permit No. 37599, with the administrative authority expiring on February 9, 2019. Upcurve is requesting an exception to Statewide Rule 32 to flare up to 1,500 thousand cubic feet per day ("Mcf") of casinghead gas for two years, from February 10, 2019 through February 9, 2021.

The various leases (five leases) and associated oil wells are connected to a sales pipeline. Upcurve is currently selling produced casinghead gas through a natural gas pipeline connection but is seeking flaring authorization to address non-routine operational upsets and sales pipeline capacity limitations.

The application is unopposed, and the Technical Examiner and Administrative Law Judge (collectively, "Examiners") recommend approval of the application.

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(h) provides that an exception to flare natural gas in volumes greater than Mcfd may be granted administratively for a period up to 180 days. 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. Beyond that, Statewide Rule 32(h) provides that exceptions shall be granted only in a final order signed by the Commission.

Upcurve was granted an administrative exception to Statewide Rule 32, for the B. Johnson State 33 commingled (No. 8521) flare point through Permit No. 37599. Under the flaring permit, the flare point was authorized to administratively flare 1,500 Mcfd of casinghead gas for a 90-day period expiring on February 9, 2019. Upcurve is requesting an exception to Rule 32 to flare up to 7,500 Mcfd from the B. Johnson State 33 commingled (No. 8521) flare point from February 10, 2019 through February 9, 2021. Attachments A and B summarize the proposed flaring authority requested and previously approved authority, respectively.

Testimony at the hearing indicates the various leases connected to the B. Johnson State 33 commingled (No. 8521) flare point are connected to a sales pipeline. Upcurve is currently selling produced casinghead gas through a natural gas pipeline connection but is seeking flaring authorization to address non-routine operational upsets and sales pipeline capacity limitations. Evidence at the hearing indicates that less than four percent of the produced gas is flared; or 1.3 percent of Mcf equivalent of total production.

Upcurve 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 at least ten (10) days prior to the date of the hearing and no protests were received.
2. Upcurve Energy, LLC ("Upcurve") seeks an exception to Statewide Rule 32 (16 TAC §3.32) to flare casinghead gas associated with the Phantom (Wolfcamp) Field, Reeves County, Texas.
3. Upcurve was granted an administrative exception to Statewide Rule 32, for the B. Johnson State 33 commingled (No. 8521) flare point through Permit No. 37599. Under the flaring permit, the flare point was authorized to administratively flare 1,500 Mcfd of casinghead gas for a 90-day period expiring on February 9, 2019.
4. Upcurve filed a letter dated January 18, 2019, requesting a hearing to be conducted to seek continued flaring authority for the B. Johnson State 33 commingled (No. 8521) flare point through Permit No. 37599.
5. A public hearing was held on March 27, 2019.
6. Upcurve is requesting an exception to Rule 32 to flare up to 7,500 Mcfd from the B. Johnson State 33 commingled (No. 8521) flare point from February 10, 2019 through February 9, 2021.

Attachments A and B summarize the proposed flaring authority requested and previously approved authority, respectively.

7. Testimony at the hearing indicates the various leases connected to the B. Johnson State 33 commingled (No. 8521) flare point are connected to a sales pipeline. Upcurve is currently selling produced casinghead gas through a natural gas pipeline connection but is seeking flaring authorization to address non-routine operational upsets and sale pipeline capacity limitations.
8. Evidence at the hearing indicates that less than four percent of the produced gas is flared; or 1.3 percent of Mcf equivalent of total production.
9. Upcurve 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.

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 an exception to Statewide Rule 32.
4. Pursuant to §2001.144(a)(4)(A) of the Texas Government Code and the agreement of the applicant, this Final Order is 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 B. Johnson State 33 commingled flare point, Permit No. 37599. Upcurve is requesting an exception to Statewide Rule 32 to flare up to 1,500 Mcfd of casinghead gas for two years, from February 10, 2019 through February 9, 2021.

Respectfully submitted,

Robert Musick, P.G.
Technical Examiner

Lynn Latombe
Administrative Law Judge

ATTACHMENT A – PROPOSED FLARE EXCEPTION AUTHORITY

Permit No.	Commingled Permit No. (If Applicable) (2)	Flare Point Name	Permit Start Date (1)	Permit End Date	Proposed Maximum Flare Volume (Mcf/d)	Casinghead Gas or Gas Well Gas
37599	8521	B JOHNSON STATE 33 CENTRAL FLARE POINT	2/10/2019	2/9/2021	7,500	Casinghead Gas

Note: Mcfd = Thousand Cubic Feet Per Day

- (1) **Permit Start Date for each respective flare exception authority to be first day after expiration of the existing exception authority if application for hearing is filed with the commission at least 21 days prior to expiration of the existing exception authority, otherwise flaring exception authority start date will be the latter of the first day after expiration of the existing exception authority or the hearing request date, if approved.**
- (2) **Evidence indicates the various leases which connect to the commingled flare point are the: B. Johnson State 33 Lease; Winkler State 34 Lease; Mackey State 33 Lease; York State 33 1H Allocation Well; and, Maralo State 33 Lease.**

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
37599	8521	B Johnson State 33 Central Flare Point	Admin.	2/9/2019	1,500	Casinghead Gas

Note: Mcfd = Thousand Cubic Feet Per Day