

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

OIL AND GAS DOCKET NO. 08-0318176

**APPLICATION OF CALLON PETROLEUM OPERATING COMPANY (124828) FOR AN
EXCEPTION TO STATEWIDE RULE 32 FOR THE SLUICE BOX 4-2 LEASE, WELL
NO. 1H, PHANTOM (WOLFCAMP) FIELD, REEVES COUNTY, TEXAS**

FINAL ORDER

The Railroad Commission of Texas ("Commission") finds that after notice in the above-docketed case was provided to all parties entitled to notice, a hearing was heard on April 25, 2019 by a Commission Technical Examiner and Administrative Law Judge. This proceeding was duly submitted to the Commission at a conference held in its offices in Austin, Texas. After considering this matter, the Commission adopts the following findings of fact and conclusions of law. (16 Tex. Admin. Code § 3.32)

Findings of Fact

1. Callon Petroleum Operating Company ("Callon" or "Applicant") seeks a one-year exception to Statewide Rule 32 ("SWR 32") for authority to flare a maximum of 150 thousand cubic feet per day (Mcf/d) of casinghead gas from March 4, 2019, to March 3, 2020, for the Sluice Box 4-2 (41762) Lease ("Lease"), in the Phantom (Wolfcamp) Field, Reeves County, Texas.
2. Callon was previously granted administrative SWR 32 exception authority for the Lease to flare a maximum casinghead gas volume of 150 Mcfd. This administrative SWR 32 exception authority (Permit No. 36085) expired on March 3, 2019.
3. Callon submitted a request for hearing on the Statewide Rule 32 exception flaring authority on February 11, 2019.
4. On March 19, 2019, the Hearings Division of the Commission sent a Notice of Hearing ("Notice") to Applicant and all offsetting operators in the field setting a hearing date of April 25, 2019. Consequently, the parties received more than 10 days' notice. The Notice contains (1) a statement of the time, place, and nature of the hearing; (2) a statement of the legal authority and jurisdiction under which the hearing is to be held; (3) a reference to the particular sections of the statutes and rules involved; and (4) a short and plain statement of the matters asserted. The hearing was held on April 25, 2019, as noticed. Applicant appeared and participated at the hearing. No one appeared in protest.
5. On April 26, 2019, the Commission sent an additional Notice of Hearing to all offsetting operators in the field informing them that the initial Notice and Appendix A should have

stated Reeves County, rather than Ward County. Additionally, the April 26, 2019 Notice included Carrizo (Permian) LLC, rather than Devon Energy Production and Petroplex Energy Inc. on the service list. No one filed a protest.

6. A gas pipeline to take the Lease casinghead gas is unavailable due to high pipeline pressure.
7. Based on a production decline curve, the estimated volume of casinghead gas to be flared would be a maximum of 150 Mcfd.
8. The requested Statewide Rule 32 exception to flare a maximum of 150 Mcfd of casinghead gas is necessary for Callon to produce the recoverable oil from the Lease.
9. At the hearing, Callon agreed on the record that the Final Order in this docketed case, is to be final and effective when a Master Order relating to this Final Order is signed.

Conclusions of Law

1. Proper notice was issued to persons entitled to notice. See, e.g., Tex. Gov't Code § 2001.051; 16 Tex. Admin. Code §§ 1.42, 1.45.
2. The Commission has jurisdiction in this case. See, e.g., Tex. Nat. Res. Code § 81.051.
3. Statewide Rule 32 requires gas to be utilized for purposes and uses authorized by law unless authorized. 16 Tex. Admin. Code § 3.32(b).
4. Statewide Rule 32 provides exceptions allowing the flaring of gas if certain requirements are met and the flaring is necessary. See, e.g., 16 Tex. Admin. Code § 3.32(f), (h).
5. Callon has met the requirements in Statewide Rule 32 to flare a maximum of 150 Mcfd of casinghead gas and the flaring of such gas is necessary.
6. 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.

Ordering Provisions

It is **ORDERED** that Callon Petroleum Operating Company (124828), is granted a two-year exception to Statewide Rule 32. Its request for authority to flare a maximum of 150 Mcfd, limited to 4,500 Mcf per month, of casinghead gas from the Lease from March 4, 2019 to March 3, 2020, as reflected in attached Attachment A is **APPROVED**.

This authority is granted, provided all production is reported on the appropriate Commission forms. Windy Cove shall file the Statewide Rule 32 Exception Data Sheet and, shall file at the same time, the required fee for a Statewide Rule 32 exception for each individual flare point on the Lease. See 16 Tex. Admin. Code § 3.32(h)(1).

Pursuant to § 2001.144(a)(4)(A) of the Texas Government Code and the agreement of the parties in writing or on the record, **the parties have waived the right to file a motion for rehearing and the Final Order in this case is final and effective on the date the Master Order relating to the Final Order is signed.**

Signed on June 18, 2019

RAILROAD COMMISSION OF TEXAS

(Order approved and signatures affixed by Hearings Division's Unprotested Master Order dated June 18, 2019)

ATTACHMENT A – FLARE EXCEPTION AUTHORITY

Permit No.	Commingled Permit No. (If Applicable)	Lease Name, Individual Flare Stacks	Permit Start Date	Permit End Date	Maximum Flare Volume (Mcf/d & Mcf/m)	Casinghead Gas or Gas Well Gas
36085	N/A	Sluice Box 4-2 (08-41762)	March 4, 2019	March 3, 2020	150 Mcfd 4,500 Mcfm	Casinghead Gas

***Note: Mcfd = Thousand Cubic Feet Per Day
Mcfm = Thousand Cubic Feet Per Month***