

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

OIL AND GAS DOCKET NO. 8A-0318575

**APPLICATION OF RGX ENERGY, LLC (704793) FOR AN EXCEPTION TO
STATEWIDE RULE 32 FOR THE PETERSEN (70778) LEASE, WELL NOS. 1H AND
2H, TEX-MEX, SE. (WICHITA ALBANY) FIELD, GAINES 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 June 13, 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.

Findings of Fact

1. RGX Energy, LLC ("RGX" or "Applicant") seeks a two-year exception to Statewide Rule 32 for authority to flare a maximum of 300 thousand cubic feet per day ("Mcf/d") of casinghead gas from March 23, 2019, through March 22, 2021, from a single flare point for the Petersen Lease (70778), in the Tex-Mex, SE (Wichita Albany) (89010700) Field, Gaines County, Texas.
2. RGX submitted a request for hearing on the Statewide Rule 32 exception flaring authority on February 28, 2019.
3. The Commission granted an administrative exception to Statewide Rule 32 to flare a maximum gas volume of 234 Mcfd from the Lease due to gathering line unavailability. This administrative flaring authority (Permit No. 37949) expired on March 22, 2019.
4. On May 3, 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 June 13, 2019. The Notice met the requirements of 16 Tex. Admin. Code § 3.32(a) and (b). No protests to the application were received. Only Applicant appeared and participated at the June 13, 2019 hearing.
5. Only DCP and Targa have proposed pipeline routes to the Lease.

6. The DCP gas line, which is two miles from the Lease, is the closest gathering line, but DCP is over-subscribed and uninterested in connecting to the Lease.
7. It is uneconomical for Targa or RGX to construct the 3.5-mile gathering line from Targa to Lease, because the cost of the pipeline construction is greater than the value of the produced gas.
8. A gas pipeline to take the Lease casinghead gas is unavailable.
9. The requested Statewide Rule 32 exception to flare a maximum of 300 Mcfd of casinghead gas is necessary for RGX to produce the hydrocarbon liquids from the Lease. The curtailment of gas production by reducing production or shutting in well would cause waste.
10. RGX agreed that the Final Order in this 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. TEX. GOV'T CODE § 2001.051; 16 Tex. Admin. Code §§ 1.42, 1.45.
2. The Commission has jurisdiction in this case. TEX. NAT. RES. CODE § 81.051.
3. RGX meets the requirements in Statewide Rule 32 to flare a maximum of 300 Mcfd of casinghead gas and the flaring of such gas is necessary.
4. This Final Order is final and effective on the date a Master Order relating to this Final Order is signed. TEX. GOV'T CODE § 2001.144(a)(4)(A).

Ordering Provisions

It is **ORDERED** that RGX Energy, LLC (704793), be granted a two-year exception to Statewide Rule 32. Its request for authority to flare a maximum of 300 Mcfd, limited to 9,000 Mcf per month, of gas from the Lease from March 23, 2019 through March 22, 2021, as reflected in attached Attachment A is **APPROVED**.

This authority is granted, provided all production is reported on the appropriate Commission forms. RGX 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 applicant in writing or on the record, **the party has 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 August 6, 2019

RAILROAD COMMISSION OF TEXAS

**(Order approved and signatures
affixed by Hearings Division's
Unprotested Master Order dated
August 6, 2019)**

ATTACHMENT A – FLARE EXCEPTION AUTHORITY

Permit No.	Commingle 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
37949	N/A	Petersen 1H/2H	March 23, 2019	March 22, 2021	300 Mcfd 9,000 Mcfm	Casinghead Gas

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