

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

OIL AND GAS DOCKET NO. 08-0318195

**APPLICATION OF DIAMONDBACK E&P LLC (217012) FOR AN EXCEPTION TO
STATEWIDE RULE 32 FOR THE LOVING FEE BATTERY (35380) AND (35307)
LEASE, FORD, EAST (DELAWARE SAND) FIELD, LOVING 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 17, 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. Diamondback E&P LLC ("Diamondback" or "Applicant") seeks a two-year exception to Statewide Rule 32 for authority to flare a maximum of 425 thousand cubic feet per day ("Mcf") of casinghead gas from the Loving Fee Battery flare point from February 13, 2019, through February 12, 2021, in the Ford, East (Delaware Sand) Field (31908500) Field, Loving County, Texas.
2. Diamondback submitted a request for hearing on the Statewide Rule 32 exception flaring authority on February 8, 2019.
3. The Commission granted an administrative exception to Statewide Rule 32 to flare a maximum gas volume of 425 Mcfd of casinghead gas from the Loving Fee Battery flare point (Final Order Docket 08-0303197) expired on February 12, 2019.
4. On May 10, 2019, the Hearings Division of the Commission sent a Notice of Hearing to Applicant and all offsetting operators in the field setting a hearing date of June 17, 2019.
5. Diamondback is requesting authority to flare because the cost of the pipeline construction is greater than the value of the produced gas.
6. Evidence presented by Diamondback shows that the cost of a pipeline construction to the nearest gathering system would exceed the value of recovered casinghead gas.

7. The requested Statewide Rule 32 exception to flare a maximum of 425 Mcfd of casinghead gas from the Loving Fee Battery flare point is necessary for Diamondback to produce the hydrocarbon liquids from the Loving "AY" Fee Oil Unit (08-35380) and Loving "AY" Fee (08-35307) Lease due to pipeline unavailability. In addition, the curtailment of gas production by reducing production or shutting in well would cause waste.
8. Diamondback 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. Diamondback meets the requirements in Statewide Rule 32 to flare a maximum of 425 Mcfd of casinghead gas from the Loving Fee Battery flare point 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 Diamondback E&P LLC (217012), be granted a two-year exception to Statewide Rule 32. Its request for authority to flare a maximum of 425 Mcfd of casinghead gas from the Loving Fee Battery flare point from February 13, 2019 through February 12, 2021, as reflected in attached Attachment A is **APPROVED**.

This authority is granted, provided all production is reported on the appropriate Commission forms. Diamondback 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.	Lease Nos.	Lease Name, Individual Flare Stacks	Permit Start Date	Permit End Date	Maximum Flare Volume (Mcf/d & Mcfm)	Casinghead Gas or Gas Well Gas
27753	08-35380 08-35307	Loving Fee Battery	February 13, 2019	February 12, 2021	425 Mcfd	Casinghead Gas

Note: Mcfd = Thousand Cubic Feet Per Day