

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

OIL AND GAS DOCKET NO. 08-0317864

**APPLICATION OF PRIMEXX OPERATING CORPORATION (677852) FOR AN
EXCEPTION TO STATEWIDE RULE 32 FOR THE CASH UNIT 176-177W, WELL 1H
LEASE, WOLFBONE (TREND AREA) FIELD (98359800), 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 10, 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. Primexx Operating Corporation ("Primexx") seeks a two-year exception to Statewide Rule 32 ("Statewide Rule 32") for authority to flare a maximum of 2,800 thousand cubic feet per day ("Mcf/d"), limited to 84,000 thousand cubic feet per month ("Mcfm"), of casinghead gas from March 8, 2019, to March 7, 2021, from the flare stack located on the Cash Unit 176-177W, Well No. 1H Lease ("Lease"), in the Wolfbone (Trend Area) Field, Reeves County, Texas.
2. Primexx submitted a request for hearing on the Statewide Rule 32 exception flaring authority on January 29, 2019.
3. Primexx was previously granted an administrative exception to Statewide Rule 32 to flare a maximum casinghead gas volume of 50 Mcfd from the Lease under Flare Permit No. 36436, expiring March 7, 2019.
4. On March 14, 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 10, 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 10, as noticed. Applicant appeared and participated at the hearing. No one appeared in protest.

5. The gas from the Lease is gathered and purchased by Saragosa Field Services, LLC.
6. Approximately 19% of total Lease gas production is being flared.
7. Restrictions in capacity result in Saragosa's gas pipeline not being able to take 100% of the Lease gas production.
8. Based on a table of historic Lease gas disposition, the estimated volume of gas well gas to be flared would be a maximum of 2,800 Mcfd, limited to 84,000 Mcfm.
9. The requested Statewide Rule 32 exception to flare a maximum of 2,800 Mcfd, limited to 84,000 Mcfm, of gas well gas is necessary for Primexx to produce the recoverable hydrocarbon liquids from the Lease.
10. At the hearing, Primexx 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. Primexx has met the requirements in Statewide Rule 32 to flare a maximum of 2,800 Mcfd, limited to 84,000 Mcfm, 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 Primexx Operating Corporation (677852), Inc. is granted a two-year exception to Statewide Rule 32. Its request for authority to flare a maximum of 2,800 Mcfd, limited to 84,000 Mcf per month, of casinghead gas from the flare stack located on the Cash Unit 176-177W, Well No. 1H Lease, from March 8, 2019, to March 7, 2021, as reflected in attached Attachment A is **APPROVED**.

This authority is granted, provided all production is reported on the appropriate Commission forms. Primexx 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 Cash Unit 176-177W, Well No. 1H 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 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 & Mcfm)	Casinghead Gas or Gas Well Gas
36436	N/A	Cash Unit 176-177W, Well No. 1H Lease	March 8, 2019	March 7, 2021	2,800 Mcfd 84,000 Mcfm	Casinghead Gas

Note:
Mcf/d = Thousand Cubic Feet Per Day
Mcfm = Thousand Cubic Feet Per Month