

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

OIL AND GAS DOCKET NO. 08-0317654

APPLICATION OF PRIMEXX OPERATING CORPORATION (677852) FOR AN EXCEPTION TO STATEWIDE RULE 32 FOR THE FRIO 221 (48940) LEASE, WELL NO. 10H, 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 1,500 thousand cubic feet per day ("Mcf/d"), limited to 45,000 thousand cubic feet per month ("Mcfm"), of casinghead gas from January 19, 2019, to January 18, 2021, from the flare stack located on the Frio 221 (48940) Lease ("Lease"), in the Wolfbone (Trend Area) Field, Reeves County, Texas.
2. Primexx submitted a request for hearing via email on the Statewide Rule 32 exception flaring authority on January 18, 2019.
3. Primexx was previously granted an administrative exception to Statewide Rule 32 to flare a maximum casinghead gas volume of 760 Mcfd from the Lease under Flare Permit No. 35048, expiring January 18, 2019.
4. On March 14, 2019 the Hearings Division of the Commission sent a Joint 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, 2019, as noticed. Applicant appeared and participated at the hearing. No one appeared in protest.
5. The gas from the Lease is gathered by Saragosa Field Services, LLC ("Saragosa").

6. The Lease produces sour casinghead gas.
7. The cost of equipment to treat the Lease casinghead gas is \$155,533 which exceeds the net gas revenue expected to be gained from the sale of approximately 409,145 Mcf remaining reserves over the life of the well, making it uneconomical to install and operate the sour casinghead gas treatment facilities.
8. Primexx will be purchasing gas to be used for gas lift operations on the Lease. It is uneconomic to recycle the purchased artificial lift gas that has been exposed in the wellbore to the sour casinghead gas. The combined estimated volume of casinghead gas and purchased artificial lift gas to be flared would be a maximum of 1,500 Mcfd, limited to 45,000 Mcfm.
9. The requested Statewide Rule 32 exception to flare a maximum of 1,500 Mcfd, limited to 45,000 Mcfm, of casinghead gas is necessary for Primexx to produce the recoverable oil 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 1,500 Mcfd, limited to 45,000 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 1,500 Mcfd, limited to 45,000 Mcf per month, of casinghead gas from the flare stack located on the Frio 221 (48940) Lease from January 19, 2019, to January 18, 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 Frio 221 (48940) 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 Unprotected 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
35048	N/A	Frio 221 (48940) Lease	January 19, 2019	January 18, 2021	1,500 Mcfd 45,000 Mcfm	Casinghead Gas

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