

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

OIL AND GAS DOCKET NO. 01-0318477

APPLICATION OF RECOIL RESOURCES OPERATING INC. (696482) FOR AN EXCEPTION TO STATEWIDE RULE 32 FOR THE NIESTROY CF, WELL NO. 1, THE RCT CF, WELL NO. 1, AND THE KOTARA CF, WELL NO. 1, EAGLEVILLE (EAGLE FORD-1) FIELD, WILSON 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. Recoil Resources Operating, Inc. ("Recoil") seeks a two-year exception to Statewide Rule 32 ("Statewide Rule 32") for authority for the following consolidated facilities:
 - a. Niestroy CF facility, commingling Permit No. 6125:
 - i. Flare a maximum of 300 thousand cubic feet per day ("Mcf"), limited to 9,000 thousand cubic feet per month ("Mcfm"), of casinghead gas,
 - ii. Flare permit effective from March 16, 2019, to March 15, 2021.
 - b. RCT CF facility, commingling Permit Nos. 5580 and 5603:
 - i. Flare a maximum of 600 Mcfd, limited to 18,000 Mcfm, of casinghead gas,
 - ii. Flare permit effective from March 23, 2019, to March 22, 2021.
 - c. Kotara CF facility, commingling Permit No. 5582:
 - i. Flare a maximum of 300 Mcfd, limited to 9,000 Mcfm, of casinghead gas,
 - ii. Flare permit effective from March 20, 2019, to March 19, 2021.

2. Recoil submitted a request for hearing on the Statewide Rule 32 exception flaring authority on January 29, 2019.
3. Recoil was previously granted administrative exceptions to Statewide Rule 32 to flare a maximum casinghead gas volume from the following consolidated facilities:
 - a. Niestroy CF facility:
 - i. 1,000 Mcfd
 - ii. Flare Permit No. 34031, expiring March 15, 2019.
 - b. RCT CF facility:
 - i. 2,300 Mcfd
 - ii. Flare Permit No. 35869, expiring March 22, 2019.
 - c. Kotara CF facility:
 - i. 1,000 Mcfd
 - ii. Flare Permit No. 36385, expiring March 19, 2019.
4. On May 10, 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 June 13, 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 June 13, 2019, as noticed. Applicant appeared and participated at the hearing. No one appeared in protest.
5. The leases serving the three (3) consolidated facilities produce sour casinghead gas in concentrations of 2,500 to 4,000 parts per million.
6. The cost of equipment to treat and transport the sour casinghead is estimated to be \$3,000,000.

7. Recoil's Board of Directors has appropriated \$3,000,000 for the treatment and transportation infrastructure related to the sour casinghead gas produced from the leases and commingled at the three consolidated facilities.
8. The requested Statewide Rule 32 exception to flare sour casinghead gas is necessary for Recoil to produce the recoverable oil from the leases while negotiating rights of way for a transport pipeline and constructing infrastructure.
9. At the hearing, Recoil 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. Recoil has met the requirements in Statewide Rule 32 to flare sour 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 Recoil Resources Operating, Inc. (696482), Inc. is 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 casinghead gas from the flare stack located at the Niestroy CF facility, from March 16, 2019, to March 15, 2021, as reflected in attached Attachment A is **APPROVED**.

It is further **ORDERED** that Recoil's request for authority to flare a maximum of 600 Mcfd, limited to 18,000 Mcf per month, of casinghead gas from the flare stack located at the RCT CF facility, from March 23, 2019, to March 22, 2021, as reflected in attached Attachment A is **APPROVED**.

It is further **ORDERED** that Recoil's request for authority to flare a maximum of 300 Mcfd, limited to 9,000 Mcf per month, of casinghead gas from the flare stack located at the Kotara CF facility, from March 20, 2019, to March 19, 2021, as reflected in attached Attachment A is **APPROVED**.

This authority is granted, provided all production is reported on the appropriate Commission forms. Recoil 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. 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.	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
36259	6125	Niestroy CF	March 16, 2019	March 15, 2021	300 Mcfd 9,000 Mcfm	Casinghead Gas
35869	5580/5603	RCT CF	March 23, 2019	March 22, 2021	600Mcf/d 18,000 Mcf/m	Casinghead Gas
36385	5582	Kotara CF	March 20, 2019	March 19, 2021	300 Mcfd 9,000 Mcfm	Casinghead Gas

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