

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

OIL AND GAS DOCKET NO. 08-0318479

APPLICATION OF CARRIZO (PERMIAN) LLC (135317) FOR AN EXCEPTION TO STATEWIDE RULE 32 FOR VARIOUS FACILITIES, PHANTOM (WOLFCAMP) FIELD, 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 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. Carrizo (Permian) LLC ("Carrizo"), seeks a two-year exception to Statewide Rule 32 ("Statewide Rule 32") for authority to flare casinghead gas and gas well gas from fourteen (14) separate flare stacks in the Phantom (Wolfcamp) Field, Reeves County, Texas, (see Attachment A). The proposed individual maximum daily flare volumes range from 12,500 thousand cubic feet per day ("Mcf") to 100 Mcfd, depending upon the number of leases, and the number of wells on a lease that are piped to each separate flare stack.
2. Carrizo submitted a request for hearing on the Statewide Rule 32 exception flaring authority on February 26, 2019.
3. Carrizo was previously granted individual administrative exceptions to Statewide Rule 32 to flare from each of the fourteen (14) flare stacks.
4. On May 10, 2019 the Hearings Division of the Commission sent a Notice of Hearing ("Notice") to Carrizo 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. All of Carrizo's leases and wells serviced by the fourteen (14) separate flare stacks are connected to a gas sales line.
6. Excessive gas sales line back pressure above the pressure limitations of lease and well equipment will cause produced gas to be diverted to its connected flare stack, from time to time.
7. Carrizo has experienced excessive gas sales back pressure an average of one to two days per month and catastrophic gas treatment outages lasting up to four (4) weeks, each of which causes produced gas to be diverted to its connected flare stack.
8. Based on the current casinghead gas and gas well gas production volumes and the expected future occurrence of periodic system upsets due to excessive gas sales line back pressure, the requested Statewide Rule 32 exceptions are necessary for Carrizo to produce the recoverable oil and liquid hydrocarbons from the leases and wells served by the fourteen (14) separate flare points.
9. At the hearing, Carrizo 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. 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. Carrizo has met the requirements in Statewide Rule 32 to flare 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 Carrizo is granted a two-year exception to Statewide Rule 32. Its request for authority to flare gas from fourteen (14) individual flare stacks in the Phantom (Wolfcamp) Field, Reeves County, Texas, as reflected in attached Attachment A, is **APPROVED**.

This authority is granted, provided all production is reported on the appropriate Commission forms. Carrizo 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

Flare Permit No.	Commingle Permit No.	Flare Name	Permit Start Date	Permit End Date	Maximum Flare Volume (Mcf/d & Mcfm)	Casinghead/ Gas Well Gas
37175	8359	Zeman State 40	March 16, 2019	March 15, 2021	12,500 Mcfd 325,000 Mcfm	Both
38166	N/A	State CVX 22	March 12, 2019	March 11, 2021	1,500 Mcfd 45,000 Mcfm	Casinghead
36691	N/A	Talladega 65	March 1, 2019	February 28, 2021	500 Mcfd 15,000 Mcfm	Casinghead
36692	N/A	Daytona 14	March 1, 2019	February 28, 2021	500 Mcfd 15,000 Mcfm	Casinghead
36693	N/A	Richmond 39 CTB 2	March 1, 2019	February 28, 2021	3,000 Mcfd 90,000 Mcfm	Casinghead
36690	8065	Richburg 2 CPF	March 1, 2019	February 28, 2021	1,750 Mcfd 52,500 Mcfm	Both
36694	N/A	Firebird 52	March 1, 2019	February 28, 2021	100 Mcfd 3,000 Mcfm	Gas Well Gas
36695	N/A	Barracuda 49	March 1, 2019	February 28, 2021	100 Mcfd 3,000 Mcfm	Gas Well Gas
36696	N/A	Michigan 21	March 1, 2019	February 28, 2021	250 Mcfd 7,500	Gas Well Gas
36697	N/A	Sonoma State 18	March 1, 2019	February 28, 2021	100 Mcfd 3,000 Mcfm	Gas Well Gas
36698	N/A	Grace Carter 56	March 1, 2019	February 28, 2021	700 Mcfd 21,000 Mcfm	Gas Well Gas
36699	N/A	Atlanta 73	March 1, 2019	February 28, 2021	150 Mcfd 4,500 Mcfm	Gas Well Gas
36700	N/A	Richmond 39	March 1, 2019	February 28, 2021	250 Mcfd 7,500 Mcfm	Gas Well Gas
36701	N/A	Pocono 65	March 31, 2019	March 30, 2021	175 Mcfd 5,250 Mcfm	Gas Well Gas

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