

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

OIL AND GAS DOCKET NO. 8A-0317448

APPLICATION OF MAMMOTH EXPLORATION LLC (523592) FOR AN EXCEPTION TO STATEWIDE RULE 32 FOR THE HUDSON LEASE, WELL NO. 601H, SABLE (SAN ANDRES) FIELD, COCHRAN 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 March 15, 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. Mammoth Exploration LLC ("Mammoth" or "Applicant") seeks a two-year exception to Statewide Rule 32¹ ("Statewide Rule 32") for authority to flare a maximum of 550 thousand cubic feet per day ("Mcf") of casinghead gas from February 6, 2019, to February 6, 2021, from a single flare point for the Hudson (70797) Lease ("Lease"), in the Sable (San Andres) Field, Cochran County, Texas.
2. Mammoth submitted a request for hearing on its application for a Statewide Rule 32 exception flaring authority on January 11, 2019.
3. Mammoth was previously granted an administrative exception to Statewide Rule 32 to flare a maximum casinghead gas volume of 140 Mcfd from the Lease. This administrative flaring authority (Permit No. 35220) expired on February 5, 2019.
4. On February 21, 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 March 15, 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 March 15, 2019, as noticed. Applicant appeared and participated at the hearing. No one appeared in protest.

¹ Statewide Rule 32 refers to 16 Tex. Admin. Code § 3.32.

5. The nearest gas pipeline, operated by Sabinal Energy Operating ("Sabinal"), is approximately 11.6 miles from the Lease.
6. The cost to connect to the Sabinal gas pipeline, is estimated to be \$1,453,349, which exceeds the estimated net gas revenue of \$851,164 from the Lease, making it uneconomical to construct a pipeline from the Lease to the Sabinal pipeline.
7. A gas pipeline to take the Lease casinghead gas is unavailable.
8. Based on a production decline curve, the estimated volume of casinghead gas to be flared would be a maximum of 550 Mcfd.
9. The requested Statewide Rule 32 exception to flare a maximum of 550 Mcfd of casinghead gas is necessary for Mammoth to produce the recoverable oil from the Lease.
10. At the hearing, Mammoth 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. Mammoth has met the requirements in Statewide Rule 32 to flare a maximum of 550 Mcfd 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 Mammoth Exploration LLC (523592) is granted a two-year exception to Statewide Rule 32. Its request for authority to flare a maximum of 550 Mcfd, limited to 16,500 Mcf per month, of casinghead gas from the Lease from February 6, 2019 to February 6, 2021, as reflected in attached Attachment A is **APPROVED**.

This authority is granted, provided all production is reported on the appropriate Commission forms. Mammoth 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 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 June 18, 2019

RAILROAD COMMISSION OF TEXAS

**(Order approved and signatures affixed by
Hearings Division's Unprotested Master
Order dated June 18, 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
35220	N/A	Hudson Lease (70757)	February 6, 2019	February 6, 2021	550 Mcfd 16,500 Mcfm	Casinghead Gas

Note: Mcfd = Thousand Cubic Feet Per Day
Mcfm = Thousand Cubic Feet Per Month