

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

OIL AND GAS DOCKET NO. 08-0320001

**APPLICATION OF WPX ENERGY PERMIAN, LLC (942623) FOR AN EXCEPTION TO
STATEWIDE RULE 32 FOR THE PHOENIX STATE 10 LEASE, WELL NO. 2H IN THE
PHANTOM (WOLFCAMP) FIELD, REEVES COUNTY, TEXAS**

FINAL ORDER

The Railroad Commission of Texas ("Commission") finds that after a joint notice of hearing in the above-docketed case was provided to all parties entitled to notice, a hearing was heard on August 5, 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. WPX Energy Permian, LLC ("WPX") seeks a two-year exception to Statewide Rule 32 ("Statewide Rule 32") for authority to flare a maximum of 170 thousand cubic feet per day ("Mcf/d"), limited to 5,270 thousand cubic feet per month ("Mcfm"), of casinghead gas from June 2, 2019, to June 1, 2021, from the flare stack located at the Phoenix State 10 Lease, Well 2H, in the Phantom (Wolfcamp) Field, Reeves County, Texas.
2. WPX submitted a request for hearing on the Statewide Rule 32 exception flaring authority on May 7, 2019.
3. WPX was previously granted an administrative exception to Statewide Rule 32 to flare a maximum gas well gas volume of 300 Mcfd at the Phoenix State 10 Lease, Well 2H, flare point under Flare Permit No. 38623, expiring June 1, 2019.
4. On July 2, 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 August 5, 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 August 5, 2019 as noticed. Applicant appeared and participated at the hearing. No one appeared in protest.

5. The casinghead gas from the Phoenix State 10 Lease, Well 2H is dedicated to Energy Transfer Company ("ETC").
6. WPX acquired the Phoenix State 10 Lease, Well 2H, from Devon Energy Corporation in October 2018. The well has not had compression available since the acquisition date, and the production pressure is not capable of overcoming ETC's line pressure to deliver gas to the gathering system.
7. The expense of installing and operating compression to deliver produced casinghead gas from the Phoenix State 10 Lease, Well 2H, into the ETC line is greater than the cumulative net sales value of the gas, making delivery to the gathering system impracticable.
8. Based on a table of historic casinghead gas disposition, the estimated volume of gas to be flared would be a maximum of 170 Mcfd, limited to 5,270 Mcfm.
9. The requested Statewide Rule 32 exception to flare a maximum of 170 Mcfd, limited to 5,270 Mcfm, of casinghead gas is necessary for WPX to produce the recoverable hydrocarbon liquids from the Phoenix State 10 Lease, Well 2H.
10. At the hearing, WPX 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. WPX has met the requirements in Statewide Rule 32 to flare a maximum of 170 Mcfd, limited to 5,270 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 WPX Energy Permian, LLC (942623), Inc. is granted a two-year exception to Statewide Rule 32. Its request for authority to flare a maximum of 170 Mcfd, limited to 5,270 Mcfm, of casinghead gas from the flare stack located at the Phoenix State 10 Lease, Well 2H, from June 2, 2019 to June 1, 2021, as reflected in attached Attachment A is **APPROVED**.

This authority is granted, provided all production is reported on the appropriate Commission forms. WPX 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 at the YMC Central 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 September 11, 2019

RAILROAD COMMISSION OF TEXAS

**(Order approved and signatures affixed by
Hearings Division's Unprotected Master
Order dated September 11, 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 & Mcf/m) | Casinghead Gas or Gas Well Gas |
|-------------------|---|--|--------------------------|------------------------|---|---------------------------------------|
| 38623 | NA | Phoenix State 10 Lease, Well 2H | June 2, 2019 | June 1, 2021 | 170 Mcfd 5,270 Mcfm | Casinghead Gas |

Note:

Mcf/d = Thousand Cubic Feet per Day

Mcfm = Thousand Cubic Feet Per Month