

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

OIL AND GAS DOCKET NO. 7C-0320696

APPLICATION OF PARSLEY ENERGY OPERATIONS, LLC (642652) FOR AN EXCEPTION TO STATEWIDE RULE 32 FOR NUNN '5-44' CFP, SPRABERRY (TREND AREA) FIELD, SPRABERRY (TREND AREA) R 40 EXC FIELD, REAGAN COUNTY, TEXAS

FINAL ORDER

The Railroad Commission of Texas ("Commission") finds that after a notice of hearing in the above-docketed case was provided to all parties entitled to notice, a hearing was heard on September 11, 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. Parsley Energy Operations, LLC ("Parsley") seeks a two-year exception to Statewide Rule 32 ("SWR 32") for authority to flare a maximum of 10,300 thousand cubic feet per day ("Mcf/d"), limited to 80,000 thousand cubic feet per month ("Mcfm"), of casinghead gas from July 1, 2019, to June 30, 2021, from the central flare point located on the NUNN '5-44' (20020) Lease, in the Spraberry (Trend Area) Field and Spraberry (Trend Area) R 40 EXC Field, Reagan County, Texas (the "NUNN '5-44' CFP").
2. Parsley submitted a request for hearing on the SWR 32 exception flaring authority for the NUNN '5-44' CFP on August 8, 2019. The request for hearing date submitted by Parsley is after the expiration of the most recent administrative flare permit for this flare point (see Finding of Fact No. 5, below), therefore the two-year flare permit term, as approved, shall begin on the date of the hearing request.
3. Parsley was previously granted a two-year exception to SWR 32 to flare casinghead gas from the Nunn 5-44 (19191) Lease, Spraberry (Trend Area) Field, pursuant to a Final Order in Oil and Gas Docket No. 7C-0305241. The flare permit number was 27113 and the prescribed maximum flare volume at this flare point was 195,000 Mcfm for the permit term of June 28, 2017 through June 30, 2019.
4. During the course of field development, the addition of seven (7) newly drilled wells and three (3) leases necessitated upgrades to Parsley's production equipment, including the elimination of the flare point referenced in Docket No. 7C-0305241 and the installation of the NUNN '5-44' CFP, the subject of this hearing.

5. Parsley filed for and received administrative exceptions to SWR 32 for the newly installed NUNN '5-44' CFP under Flare Permit No. 37530. The most recent administrative flare permit prescribed a maximum flare volume of 3,738 Mcfd and expired July 1, 2019.
6. The NUNN '5-44' CFP is subject to Commingling Permit No. 7C-6352. The casinghead gas connected to the NUNN '5-44' CFP is currently sourced under the commingling permit from the NUNN '5-44' (20020) Lease, the Nunn 5-44 (19191) Lease, the CORMAC 8-17-A (RRC Identifiers 843871, 843779) Lease, and the CORMAC 8-17-C (RRC Identifiers 849461, 849480) Lease ("the Four Leases").
7. Parsley expects to drill and complete four (4) more wells, making a total of twelve (12) wells being connected to the NUNN '5-44' CFP during the two-year term of the requested flare permit.
8. On August 12, 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 September 11, 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 September 11, 2019 as noticed. Applicant appeared and participated at the hearing. No one appeared in protest.
9. The casinghead gas from the Four Leases is dedicated to, gathered and purchased by Energy Transfer Company ("ETC").
10. Flaring at the NUNN '5-44' CFP is occasionally necessary as a result of high line pressure on the ETC system.
11. When ETC's line pressure exceeds 100 pounds per square inch, the casinghead gas production from the Four Leases is automatically directed to the NUNN '5-44' CFP for on-site combustion.
12. Generally, the upset conditions that prevent the delivery and sale of gas into the ETC system are limited to a few hours per event.
13. ETC is installing compression and/or treatment capacity to expand their ability to take an additional 200,000 Mcfd of gas across their system and the expansion expected to be in service by the end of 2019.

14. Based on a table of historic gas production and disposition from the Four Leases, the estimated volume of gas to be flared at the NUNN '5-44' CFP would be a maximum of 10,300 Mcfd, limited to 80,000 Mcfm,
15. The requested SWR 32 exception to flare gas is necessary for Parsley to produce the recoverable hydrocarbon liquids from the Four Leases.
16. At the hearing, Parsley 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. SWR 32 requires gas to be utilized for purposes and uses authorized by law. 16 Tex. Admin. Code § 3.32(b).
4. SWR 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. Parsley has met the requirements in SWR 32 to flare 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 Parsley Energy Operations, LLC (642652), Inc. is granted a two-year exception to Statewide Rule 32. The authority to flare a maximum of 10,300 Mcfd, limited to 80,000 Mcfm, of casinghead gas at the NUNN '5-44' CFP, from August 8, 2019, to August 7, 2021, as reflected in attached Attachment A, is **APPROVED**.

This authority is granted, provided all production is reported on the appropriate Commission forms. Parsley 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 the NUNN '5-44' CFP. 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 October 22, 2019

RAILROAD COMMISSION OF TEXAS

(Order approved and signatures affixed by
Hearings Division's Unprotected Master
Order dated October 22, 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 & Mcfm)	Casinghead Gas or Gas Well Gas
37530	7C-6352	NUNN '5-44' CFP	August 8, 2019	August 7, 2021	10,300 Mcfd 80,000 Mcfm	Casinghead Gas

Note:

Mcf = Thousand Cubic Feet per Day

Mcfm = Thousand Cubic Feet Per Month