

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

OIL AND GAS DOCKET NO. 08-0321333

APPLICATION OF LUXE OPERATING, LLC (511772) FOR AN EXCEPTION TO STATEWIDE RULE 32 FOR VARIOUS LEASES, 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 held on September 19, 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. Luxe Operating, LLC ("Luxe") requested a two-year exception to Statewide Rule 32 ("SWR 32") for ten (10) flare points, each servicing a separate lease in the Phantom (Wolfcamp) Field, Reeves County, Texas. The respective two-year exceptions to SWR 32 begin the latter of the day after the administrative exception to SWR 32 expires or the date of the request for hearing, (see Attachment A, attached hereto).
2. Luxe submitted a request for hearing on the SWR 32 exception flaring authority on June 26, 2019.
3. Luxe was previously granted administrative exceptions to SWR 32 for nine (9) of the ten (10) flare points. An application for an administrative SWR 32 flare permit for the flare point servicing the Four Roses 23S Unit 1H has been filed with the Commission, with expiration of the administrative flare permit being December 15, 2019.
4. On August 21, 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 September 19, 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 19, 2019, as noticed. Applicant appeared and participated at the hearing. No one appeared in protest.

5. The casinghead gas and gas well gas from the ten (10) Luxe leases is gathered by EagleClaw Midstream Ventures, LLC ("EagleClaw") or Brazos Midstream Operating, LLC ("Brazos").
6. Luxe has set the operating separator line pressure on each of the ten (10) leases at approximately seventy-five (75) pounds per square inch ("psi") to comply with the contractual terms of delivering gas into the EagleClaw or the Brazos gathering systems.
7. During events when any of the individual separator's line pressure exceeds seventy-five (75) psi, or the produced gas does not meet the gatherer's H₂S specification, the curtailed volumes of produced gas from that respective Luxe lease is diverted to its connected flare point for combustion disposal.
8. The daily maximum average volume reported to be produced from each of the ten individual Luxe leases since August 2018 is indicated in Attachment A, column titled Maximum Daily Flare Volume (Mcf/d).
9. The maximum monthly volume reported to be flared from each of the ten (10) individual Luxe leases since August 2018 is indicated in Attachment A, column titled Maximum Monthly Flare Volume (Mcfm).
10. The requested SWR 32 exception to flare gas is necessary for Luxe to produce the recoverable hydrocarbon liquids from the (10) ten Luxe leases.
11. At the hearing, Luxe 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 unless authorized. 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. Luxe has met the requirements in SWR 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 Luxe Operating, LLC. (511772) is granted a two-year exception to Statewide Rule 32. Its request for authority to flare gas from the ten (10) flare points each servicing a separate lease, 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. Luxe 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 of the ten (10) flare points identified on Attachment A, Phantom (Wolfcamp) Field, Reeves County, Texas. 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 November 19, 2019

RAILROAD COMMISSION OF TEXAS

**(Order approved and signatures affixed by
Hearings Division's Unprotested Master
Order dated November 19, 2019)**

ATTACHMENT A

Flare Permit Number	Commingled Permit Number	Flare Location/System Name	Permit Start Date	Permit End Date	Maximum Daily Flare Volume (Mcf/d)	Maximum Monthly Flare Volume (Mcf/m)	Casinghead or Gas Well Gas
30423	NA	Angels Envy 4-3W Unit 1H	9/1/2019	8/31/2021	6,921	58,500	Gas Well Gas
36317	NA	Buffalo Trace State 22-21 Unit 1H	9/1/2019	8/31/2021	6,590	198,000	Gas Well Gas
39702	NA	Noahs Mill 19-20W Unit 1H	8/1/2019	7/31/2021	1,975	22,150	Casinghead Gas
39506	NA	Blantons 20-23E Unit 1H	7/3/2019	7/2/2021	7,190	8,830	Gas Well Gas
39695	NA	Russels Reserve 8-82S unit 1H	8/27/2019	8/26/2021	3,625	72,200	Gas Well Gas
39700	NA	Widow Jane 19-20E unit 1H	8/1/2019	7/31/2019	2,475	41,500	Casinghead Gas
39701	NA	Larceny 12-11W Unit 1H	7/01/2019	6/30/2021	8,065	122,000	Gas Well Gas
37768	NA	Heaven Hill 23-13E Unit 1H	9/1/2019	8/31/2021	2,425	25,500	Gas Well Gas
39694	NA	WL Weller 22-21S Unit 1H	8/14/2019	8/13/2021	2,170	65,000	Gas Well Gas
Pending	NA	Four Roses 23S unit 1H	12/16/2019	12/15/2021	2,830	49,500	Gas Well Gas

Note: Mcfd = thousand cubic feet per day
 Mcfm = thousand cubic feet per month