

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

OIL AND GAS DOCKET NO. 08-0321332

APPLICATION OF ABRAXAS PETROLEUM CORPORATION (OPERATOR NO. 003125) FOR AN EXCEPTION TO STATEWIDE RULE 32 FOR THE PECAN, CREOSOTE, HACKBERRY, AND WOODBERRY LEASES, PHANTOM (WOLFCAMP) FIELD, WARD AND WINKLER COUNTIES, 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 September 12, 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. Abraxas Petroleum Corporation ("Abraxas" or "Applicant") seeks a two-year exception to 16 Tex. Admin. Code § 3.32 ("Statewide Rule 32") for authority to flare casinghead gas from the Pecan, Creosote, Hackberry, and Woodberry Leases, Phantom (Wolfcamp) Field, Ward And Winkler Counties, Texas.
2. Abraxas submitted a request for hearing for the Statewide Rule 32 exception dated July 2, 2019.
3. On August 27, 2019, the Hearings Division of the Commission sent a Notice of Hearing ("Notice") to the Applicant and offsetting operators in the field setting a hearing date of September 12, 2019. Consequently, the parties received more than 10 days' notice of the hearing. 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.
4. The hearing was held on September 12, 2019, as noticed. Applicant appeared and participated at the hearing. No protest was received.
5. The Commission previously granted Abraxas an administrative exception to Statewide Rule 32 to flare casinghead gas from various flare points and their associated Subject Lease(s) identified in Attachment A to this Final Order.
6. All Abraxas wells associated with the various flare points and their associated Subject Lease(s) are connected to a gas sales line.

7. Abraxas has experienced routine equipment maintenance and gathering system upsets which occasionally require the casinghead gas to be diverted to the connected flare stacks.
8. Abraxas evidence indicates that the Phantom (Wolfcamp) and Sandbar (Bone Spring) Fields in Ward County, Texas are unconventional reservoirs with typical oil and gas hyperbolic-trending production volumes during the life of the wells on the Subject Leases. Evidence presented in the hearing indicate that up to 80% of the gas production volumes will decrease within the first year after production of wells on the Subject Leases.
9. The casinghead gas well production rates and flaring histories for the Subject Leases and associated wells were utilized to establish the maximum daily flare volumes and monthly flare volumes limitations anticipated for routine maintenance and system upsets. The authorized exception to Statewide Rule 32 for each separate flare point is identified in Attachment A to this Final Order.
10. The requested Statewide Rule 32 exception to flare casinghead gas is necessary during periods of routine equipment maintenance and system upsets that are beyond the control of Abraxas.
11. At the hearing, Abraxas 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. Abraxas has met the requirements in Statewide Rule 32 to flare casinghead gas based on maintenance issues and their associated minor upsets which are routine

oil and gas production operations and not operating emergency system upsets or other unplanned conditions. See, e.g., 16 Tex. Admin. Code § 3.32(f), (h)(5).

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 Abraxas Petroleum Corporation is granted a two-year exception to Statewide Rule 32 to flare casinghead gas from the flare points associated with the Subject Leases in the Pecan, Creosote, Hackberry, and Woodberry Leases, Phantom (Wolfcamp) Field, Ward And Winkler Counties, Texas. The maximum daily and monthly flare volumes for each flare point is identified in Attachment A to this Final Order.

This authority is granted, provided all production is reported on the appropriate Commission forms. Abraxas 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 February 11, 2020

RAILROAD COMMISSION OF TEXAS

**(Order approved and signatures affixed by
Hearings Division's Unprotected Master
Order dated February 11, 2020)**

ATTACHMENT A – FLARE EXCEPTION AUTHORITY

Flare Exc. No. (3)	Commingle Permit No. or Lease No. (If Applicable)	Lease Name, Individual Flare Stacks	Previous Administrative Exception Authority	Flare Exc. Start Date	Flare Exc. End Date	Maximum Flare Volumes	Casinghead Gas or Gas Well Gas
			<i>Expiring Date and Approved Flaring Volumes</i>			Mcfd (1) Mcfm (2)	
40189	Drilling Permit No. 843109	Pecan	5/31/2019 482 Mcfd	7/02/2019	7/01/2021	586 Mcfd 2,930 Mcfm	Casinghead
40190	Drilling Permit No. 844216	Creosote	5/31/2019 1934 Mcfd	7/02/2019	7/01/2021	2,650 Mcfd 13,250 Mcfm	Casinghead
41087	Drilling Permit No. 841288	Hackberry	8/11/2019 290 Mcfd	7/02/2019	7/01/2021	500 Mcfd 4,000 Mcfm	Casinghead
41088	Drilling Permit No. 847614	Woodberry	8/11/2019 741 Mcfd	7/02/2019	7/01/2021	2,000 Mcfd 20,000 Mcfm	Casinghead

Note: Mcfd = Thousand Cubic Feet Per Day

Mcfm = Thousand Cubic Feet Per Month

(1) = Mcfd based on daily gas production

(2) = Mcfm based on gas production, flare volumes and flaring frequency

(3) = Flare Exc. refers to the flaring exception in SWR 32