

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

OIL AND GAS DOCKET NO. 8A-0322355

**APPLICATION OF RILEY PERMIAN OPERATING CO., LLC (OPERATOR NO. 712217)
FOR AN EXCEPTION TO STATEWIDE RULE 32 FOR VARIOUS LEASES AND
WELLS, PLATANG (SAN ANDRES) FIELD, YOAKUM 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 October 2, 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. Riley Permian Operating Co., LLC (712217) ("Riley") seeks a two-year exception to 16 Tex. Admin. Code §3.32 ("Statewide Rule 32") for authority to flare casinghead gas at the Rusty Crane 604-577 (70559) Lease, the Rusty Crane 604 (70698) Lease and the Stiff Saddle 641-668 (70545) Lease (collectively referred to as "Subject Leases") in the Platang (San Andres) Field ("Field") in Yoakum County, Texas.
2. Riley submitted its request for a hearing on August 6, 2019.
3. On September 4, 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 October 2, 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.
4. The hearing was held on October 2, 2019, as noticed. The Applicant appeared and participated in the hearing. The Applicant was represented by Mr. Bill. G. Spencer, consultant, and Mr. James Clark, P.E. No one appeared in protest at the hearing.
5. The Commission previously granted Riley an exception to Statewide Rule 32 through Final Order No. 8A-0309418, to flare a maximum gas volume of 2,000 thousand cubic feet per day ("Mcf/d"), from March 11, 2018 through September 10, 2019, an 18-month period.

6. The wells associated with the various flare points and their associated Subject Leases are connected to a gas sales line. Prior to late-December 2018, the casinghead gas was dedicated to, gathered and purchased by Targa Midstream Services, LLC. ("Targa"). In late-December 2018, the dedication contract was transferred from Targa to Stakeholder Midstream, LLC ("Stakeholder"). Starting late-December 2018, Stakeholder purchased and conveyed the casinghead gas to their gas plant. Gas plant problems hindered Stakeholder's ability to take 100 percent of the casinghead gas, but up-grades in equipment have recently minimized gas flaring due to increased gas capacity.
7. Gas production volumes within a 12-month period of the hearing were utilized to establish the daily and monthly maximum flare volumes that are anticipated at the Subject Leases during flaring events caused by routine operational maintenance and system upsets. A maximum daily flare volume of 858 Mcfd with a maximum monthly flare volume of 18,553 thousand cubic feet per month ("Mcfm") was established for the Subject Leases to address periods of routine operational maintenance and system upsets. The authorized exception to Statewide Rule 32 is a two-year period from September 11, 2019 to September 10, 2021.
8. The requested Statewide Rule 32 exception to flare casinghead gas is necessary for Riley to produce the recoverable oil from the Subject Leases.
9. At the hearing, Riley 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). Riley has met the requirements in Statewide Rule 32 to flare casinghead gas with maximum gas volume(s) and authorized flaring periods as established on Attachment A of this Final Order. The volumes are based on production data.
5. Riley 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 Riley Permian Operating Co., LLC (712217) is granted a two-year exception to Statewide Rule 32 for the Subject Leases under Administrative Exception No. 27807. Riley's request for authority to flare a maximum of 858 Mcfd of casinghead gas with a monthly volume limit of 18,553 Mcfm from September 11, 2019 to September 10, 2021, a two-year period, as reflected in Attachment A is **APPROVED**.

This authority is granted, provided all production is reported on the appropriate Commission forms. Riley 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 Leases. 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 | Flare Exc. Start Date | Flare Exc. End Date | Previous Exception Authority | Maximum Flare Volumes | Casinghead Gas or Gas Well Gas |
|-----------------------|---|-------------------------------------|-----------------------|---------------------|--|-------------------------|--------------------------------|
| | | | | | <i>Expiring Date and Approved Flaring Volumes</i> | Mcfd (1) Mcfm (2) | |
| 27807 | 70559 | Rusty Crane 604-577 | 9/11/2019 | 9/10/2021 | Final Order 8A-0309418 09/10/2019 2,000 Mcfd | 858 Mcfd 18,553 Mcfm | Casinghead |
| 27807 | 70698 | Rusty Crane 604 | 9/11/2019 | 9/10/2021 | Final Order 8A-0309418 09/10/2019 2,000 Mcfd | 858 Mcfd 18,553 Mcfm | Casinghead |
| 27807 | 70545 | Stiff Saddle 641-668 | 9/11/2019 | 9/10/2021 | Final Order 8A-0309418 09/10/2019 2,000 Mcfd | 858 Mcfd 18,553 Mcfm | Casinghead |

Notes:

Mcfd = Thousand Cubic Feet Per Day

Mcfm = Thousand Cubic Feet Per Month

(1) = Mcfd based on the daily maximum volume for daily gas production data for wells connected to the flare point submitted as part of the hearing record.

(2) = Mcfm based on the maximum volume for monthly gas production for wells connected to the flare point for the most recent 12-month period.

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