

**RAILROAD COMMISSION OF TEXAS  
HEARINGS DIVISION**

**OIL AND GAS DOCKET NO. 08-0322144**

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**APPLICATION OF APACHE CORPORATION (027200) FOR AN EXCEPTION TO STATEWIDE RULE 32 FOR THE AUGUSTA BARROW LEASE, COMMINGLING PERMIT NO. 08-3447, SPRABERRY (TREND AREA), HEADLEE, N. (CANYON), HENCE (GRAYBURG), AND COWDEN, NORTH FIELDS, ECTOR COUNTY, TEXAS**

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**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 held on October 16, 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. Apache Corporation ("Apache" or "Applicant") seeks a two-year exception to Statewide Rule 32 ("Statewide Rule 32") for authority to flare a maximum of 250 thousand cubic feet per day ("Mcf/d"), limited to 7,625 thousand cubic feet per month ("Mcfm"), of casinghead gas from August 2, 2019 to August 1, 2021, from the flare stack located at the Augusta Barrow Lease, Commingling Permit No. 08-3447 ("Lease"), Spraberry (Trend Area), Headlee, N. (Canyon), Hence (Grayburg), and Cowden, North Fields, Ector County, Texas.
2. Apache submitted a request for hearing on the Statewide Rule 32 exception flaring authority on July 30, 2019.
3. Apache was previously granted an administrative exception to Statewide Rule 32 under Flare Permit No. 13879 to flare a maximum of 500 Mcfd from the Lease, expiring February 28, 2014. Following the expiration of the administrative exception to Statewide Rule 32, Apache was granted the following exceptions to Statewide 32:
  - a. Oil and Gas Docket No. 08-0287405 to flare a maximum casinghead gas volume of 500 Mcfd from the Lease, expiring August 1, 2015;
  - b. Oil and Gas Docket No. 08-0297619 to flare a maximum casinghead gas volume 750 Mcfd from the Lease, expiring August 1, 2017; and
  - c. Oil and Gas Docket No. 08-0305869 to flare a maximum casinghead gas volume of 250 Mcfd from the Lease, expiring August 1, 2019.

4. On September 26, 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 October 16, 2019. On January 22, 2020, a letter was sent by the Commission to amend the Notice to include additional fields and to add the commingling permit information. 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 October 16, 2019, as noticed. Applicant appeared and participated at the hearing. No one appeared in protest.
5. Three tank batteries are associated with the Lease. Tank Batteries No. 1 and No. 3 are on the east side of U.S. Highway 385 and are connected to the James Lake Midstream gathering system. Tank Battery No. 2 is located west of U.S. Highway 385 and is not connected to a gathering system. Tank Battery No. 2 is approximately 3 miles from Tank Battery No. 3.
6. The volume of casinghead gas produced into Tank Battery No. 2 is not sufficient to operate a three-stage compression system necessary to generate 700 pounds per square inch pressure to access the James Lake Midstream gathering system.
7. The casinghead gas production from the western wells that feed Tank Battery No. 2 is insufficient to economically justify the cost of a three-mile connection pipeline that would have to pass under U.S. Highway 385. Apache would need to obtain authority to tunnel under the four lane U.S. Highway 385.
8. Periodic curtailments, shut-downs, and capacity limitations in the gathering system require the flaring of gas on an intermittent basis.
9. Based on a table and chart of production data, the estimated volume of casinghead gas to be flared from the Lease would be a maximum of 250 Mcfd, limited to 7,625 Mcfm, due to no pipeline being connected to Tank Battery No. 2 and intermittent flaring occurring at Tank Battery No. 3.
10. The requested Statewide Rule 32 exception to flare a maximum of 250 Mcfd, limited to 7,625 Mcfm, of casinghead gas from the Lease is necessary for Apache to produce recoverable hydrocarbons liquids from the wells on the Lease, especially the wells producing from the west of U.S. Highway 385.
11. At the hearing, Apache 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. Apache has met the requirements in Statewide Rule 32 to flare casinghead gas as reflected on Attachment A, 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 Apache Corporation (027200) is granted a two-year exception to Statewide Rule 32. Its request for authority to flare casinghead gas from the Augusta Barrow Lease, Commingling Permit No. 08-3447 ("Lease"), Spraberry (Trend Area), Headlee, N. (Canyon), Hence (Grayburg), and Cowden, North Fields, Ector County, Texas, as reflected in attached Attachment A is APPROVED.

This authority is granted, provided all production is reported on the appropriate Commission forms. Apache 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 in Attachment A. *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 March 4, 2020.**

**RAILROAD COMMISSION OF TEXAS**

**(Order approved and signatures affixed by  
Hearings Division's Unprotected Master  
Order dated March 4, 2020)**

**ATTACHMENT A – FLARE EXCEPTION AUTHORITY**

<b>Exception No.</b>	<b>Commingle Permit No. (If Applicable)</b>	<b>Lease Name, Individual Flare Stacks</b>	<b>Exception Start Date</b>	<b>Exception End Date</b>	<b>Maximum Flare Volume (Mcf/d &amp; Mcfm)</b>	<b>Casinghead Gas or Casinghead Gas</b>
13879	08-3447	Augusta Barrow	August 2, 2019	August 1, 2021	250 Mcfd 7,625 Mcfm	Casinghead Gas

**Note:**  
**Mcf/d = Thousand Cubic Feet Per Day**  
**Mcfm = Thousand Cubic Feet Per Month**