

**RAILROAD COMMISSION OF TEXAS  
HEARINGS DIVISION**

**OIL AND GAS DOCKET NO. OG-19-00001392**

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**APPLICATION OF TALL CITY OPERATING III LLC (835518) FOR AN EXCEPTION TO  
STATEWIDE RULE 32 FOR FOUNDERS JOHNSON STATE LEASE, WELL NO. 1H,  
PHANTOM (WOLFCAMP) FIELD, REEVES COUNTY, TEXAS, DISTRICT 08**

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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 heard on November 26, 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. Tall City Operating III LLC ("Tall City" or "Applicant") seeks an exception to Statewide Rule 32 ("Statewide Rule 32") for authority to flare a maximum of 1,340 thousand cubic feet per day ("Mcf/d"), limited to 24,120 thousand cubic feet per month ("Mcfm") of casinghead gas from November 14, 2019, to November 13, 2021 from the Founders Johnson State Lease, Well No. 1H ("Lease"). The flare point is located at the Lease, Phantom (Wolfcamp), Reeves County, Texas.
2. Tall City submitted a request for hearing on the Statewide Rule 32 exception flaring authority request on October 14, 2019.
3. Tall City was previously granted administrative exception to Statewide Rule 32 to flare a maximum casinghead gas volume of 1,585 Mcfd from the Lease from August 15, 2019 to November 13, 2019. This flaring authority (Exception No. 040871) expired on November 13, 2019.
4. On October 29, 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 November 26, 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 November 26, 2019 as noticed. Applicant appeared and participated at the hearing. No one appeared in protest.

5. At present, the casinghead gas produced from the Lease is gathered and sold to Eagleclaw Midstream Ventures, LLC (“Eagleclaw”).
6. System upsets due to maintenance, equipment failures, high line pressure and temporary outages prevent gas from being sold, resulting in excess gas that must be flared.
7. During events of periodic and partial curtailment on the Eagleclaw systems, the curtailed volumes of produced gas well gas from the Lease are diverted to the Lease flare point.
8. The estimated volume of casinghead gas and gas well gas to be flared at the Lease would be a maximum of 1,340 Mcfd, limited to 4,020 Mcfm during periods of high line pressure and temporary system upsets.
9. Based on the evidence admitted into the record, the Examiners recommended reducing the monthly volumes requested by Applicant to 4,020 Mcfm on the Lease. This is equal to 3 days of deliverability. Applicant considered the Examiner’s recommendation as not adverse in correspondence dated April 13, 2020.
10. The requested Statewide Rule 32 exceptions to flare a maximum of 1,340 Mcfd, limited to 4,020 Mcfm of casinghead gas is necessary for Tall City to produce the recoverable oil during periods of high line pressure and temporary system upsets for the Lease.
11. At the hearing, Tall City 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 excepted by law. 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. Tall City has met the requirements in Statewide Rule 32 to flare a maximum of 1,340 Mcfd, limited to 4,020 Mcfm, of casinghead gas from the Lease 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 Tall City OPERATING III LLC (835518) (“Tall City” or “Applicant”) is **GRANTED** a two-year exception to Statewide Rule 32. Its request for authority to flare a maximum of 1340 thousand cubic feet per day (“Mcf”) , limited to 4,020 thousand cubic feet per month (“Mcfm”) of gas well gas from the Founders Johnson State 1H Lease (49964), from November 14, 2019 to November 13, 2021, as reflected in attached Attachment A is **APPROVED**.

This authority is granted, provided all production is reported on the appropriate Commission forms. Within 30 days of the effective date of this order, Applicant shall file the Statewide Rule 32 Exception Data Sheet and the required fee for a Statewide Rule 32 exception for each flare point. See 16 Tex. Admin. Code § 3.32(h)(1). This order, and the authority to flare granted herein, is **VOID** if the required fee is not paid by Applicant within 30 days of the effective date of this order.

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 this Final Order is final and effective on the date the Master Order relating to this Final Order is signed.**

**Signed on May 5, 2020**

**RAILROAD COMMISSION OF TEXAS**

**(Order approved and signatures affixed by  
Hearings Division’s Unprotested Master  
Order dated May 5, 2020)**

**ATTACHMENT A – FLARE EXCEPTION AUTHORITY**

Exception No.	Commingle Permit No. (If Applicable)	Lease Name, Individual Flare Stacks  (1) Latitude  (2) Longitude	Exception Start Date	Exception End Date	Maximum Flare Volume (Mcf & Mcfm)	Casinghead Gas or Gas Well Gas
40871	NA	Founders Johnson State 1H  (1) Lat: 31° 27' 41.61" N  (2) Long: 103° 42' 25.42" W	November 14, 2019	November 13, 2021	1,340 Mcfd  4,020 Mcfm	Casinghead Gas

**Note:** Mcfd = Thousand Cubic Feet Per Day  
 Mcfm = Thousand Cubic Feet Per Month