

**RAILROAD COMMISSION OF TEXAS  
HEARINGS DIVISION**

**OIL AND GAS DOCKET NO. 08-0322549**

---

**APPLICATION OF PRIMEXX OPERATING CORPORATION (677852) FOR AN EXCEPTION TO STATEWIDE RULE 32 FOR VARIOUS LEASES, VARIOUS WELLS, WOLFBONE (TREND AREA) AND HOEFS T-K (WOLFCAMP) FIELDS, REEVES COUNTY, TEXAS, DISTRICT 8**

---

**OIL AND GAS DOCKET NO. 08-0322579**

---

**APPLICATION OF PRIMEXX OPERATING CORPORATION (677852) FOR AN EXCEPTION TO STATEWIDE RULE 32 FOR THE BLANCO UNIT 224-223W LEASE, WELL NO. 1H AND THE MEATLOAF 50 LEASE, WELL NO. 1H, HOEFS T-K (WOLFCAMP) FIELD, REEVES COUNTY, TEXAS, DISTRICT 8**

---

**FINAL ORDER**

The Railroad Commission of Texas (“Commission”) finds that after notice in the above-docketed cases were provided to all parties entitled to notice, a hearing was heard on January 13, 2020 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. Primexx Operating Corporation (677852) (“Primexx”) submitted the captioned docket applications to seek a two-year exception to 16 Tex. Admin. Code §3.32 (“Statewide Rule 32”) for authority to flare casinghead gas from the various leases and their associated wells. The wells are completed in the Wolfbone (Trend Area) (Field No. 98359800) and the Hoefs T-K (Wolfcamp) (Field No. 41911500) Fields in Reeves County, Texas, District 8.
2. Primexx requested a hearing for the Statewide Rule 32 exception on July 15, 2019.
3. On December 31, 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 January 13, 2020. 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. A supplemental Notice was provided to the service list for the dockets on February 4, 2020. The supplemental notice includes the following off-set operators: COG Operating LLC; Waterbridge Texas Operating LLC; Noble Energy Inc.; and Diamondback E&P LLC. All off-set operators on the supplemental notice were given

a 10-day period to object/protest to the requested relief for all Leases and their flare points.

4. The hearing was held on January 13, 2020, as noticed. Applicant appeared and participated in the hearing. On January 13, 2020, Primexx was represented by Ms. Olga Kobzar, an attorney, and Mr. Jim Clark, a consulting petroleum engineer. No protest was received.
5. The Commission previously granted Primexx an exception to Statewide Rule 32 for flare points associated with 10 Leases.
6. The Primexx Leases and associated wells are connected to Energy Transfer Company (“ETC”) and Saragosa pipeline systems.
7. Primexx confirmed at the hearing that the flaring authority is for periods of equipment malfunctions, routine operational upsets, or capacity limitations preventing the deliverability of gas to the sales line.
8. Primexx indicated in the hearing that gas from some of their Lease wells have elevated concentrations of hydrogen sulfide (“H<sub>2</sub>S”) requiring treatment to meet pipeline specifications. Evidence indicates once H<sub>2</sub>S is observed in the Lease wells the concentrations increase to levels exceeding 2,000 parts per million (“ppm”). Primexx is in the process of installing amine treatment facilities at some of the wells to minimize future flaring.
9. Oil and gas production data, from August 2019 through November 2019, identified the production inventory for each Lease well over the four-month period. Also accompanying the production data was the daily flaring volumes showing a trend over the reporting period. Below is a summary of each Lease well’s daily flaring pattern for the period prior to the hearing held on January 13, 2020:
  - a. Blanco Unit 224-223W Lease, Well No. 1H - Production data indicates the daily gas volumes range from 2,383 thousand cubic feet per day (“Mcf”) to 224 Mcfd, with periodic outliers due to maintenance or system upsets. In November 2019, the last month of the reporting period, Primexx flared approximately 90 percent of the recovered gas. The primary cause of flaring was elevated H<sub>2</sub>S concentrations increasing to 2,800 ppm.
  - b. Meatloaf 58 Lease Well No. 1H - Production data indicates the daily gas volumes range from 1,153 Mcfd to 891 Mcfd, with periodic outliers due to maintenance or system upsets. In November 2019, the last month of the reporting period, Primexx flared approximately eight percent of the recovered gas. The primary cause of flaring was pipeline capacity issues.

- c. Angelina Unit 302-303W No. 2H Well - Production data indicates the daily gas volumes range from 809 Mcfd to 302 Mcfd, with periodic outliers due to maintenance or system upsets. In November 2019, the last month of the reporting period, Primexx flared approximately 100 percent of the recovered gas. The primary cause of flaring was elevated H<sub>2</sub>S concentrations with concentrations increasing from 20 ppm in April 2019 to 2,400 ppm in October 2019.
- d. Angelina Unit 302-303E No. 9H Well - Production data indicates the daily gas volumes range from 1,407 Mcfd to 471 Mcfd, with periodic outliers due to maintenance or system upsets. In November 2019, the last month of the reporting period, Primexx flared approximately two percent of the recovered gas. The primary cause of flaring was pipeline capacity issues.
- e. Angelina Unit 302-303E No. 10H - Production data indicates the daily gas volumes range from 1,521 Mcfd to 318 Mcfd, with periodic outliers due to maintenance or system upsets. In November 2019, the last month of the reporting period, Primexx flared sporadically with periods of flaring followed by no flaring activity. Primexx flared approximately two percent of the recovered gas for the month. The primary cause of flaring was pipeline capacity issues.
- f. Armadrilla State Unit 20-21E No. 10H - Production data indicates the daily gas volumes range from 4,609 Mcfd to 483 Mcfd, with periodic outliers due to maintenance or system upsets. In November 2019, the last month of the reporting period, Primexx flared sporadically where a period of flaring would be followed by no flaring activity. Primexx flared approximately four percent of the recovered gas for the month. The primary cause of flaring was pipeline capacity issues.
- g. Bell Unit 213 A No. 5H and No. 9H Wells - Production data indicates the daily gas volumes range from 1,153 Mcfd to 405 Mcfd, with periodic outliers due to maintenance or system upsets. In November 2019, the last month of the reporting period, Primexx flared during some periods up to 100 percent of their gas but followed periods of lower flaring activity. Primexx flared approximately 50 percent of the recovered gas for the month of November 2019. The primary cause of flaring was elevated H<sub>2</sub>S concentrations.
- h. Campbell 802H and 803H Wells - Production data indicates the daily gas volumes range from 328 Mcfd to zero Mcfd. In November 2019, the last month of the reporting period, Primexx flared approximately 100 percent of the recovered gas, but had significantly reduced production during the month. The primary cause of flaring was elevated H<sub>2</sub>S concentrations, with concentrations increasing from 1,000 ppm to 4,000 ppm after April 2019, causing an increase in flaring through the reporting period.

- i. Neches Unit 178-179W No. 1H - Production data indicates the daily gas volumes range from 1,956 Mcfd to 426 Mcfd, with periodic outliers due to maintenance or system upsets. In November 2019, the last month of the reporting period, Primexx flared approximately six percent of the recovered gas. The primary cause of flaring was pipeline capacity issues.
  - j. Pedernales 293 No. 1H - Production data indicates the daily gas volumes range from 1,067 Mcfd to 553 Mcfd, with periodic outliers due to maintenance or system upsets. In November 2019, the last month of the reporting period, Primexx flared approximately 11 percent of the recovered gas. The primary cause of flaring was pipeline capacity issues.
  - k. Vass Unit 13-14 Nos. 1H and 10H Wells - Production data indicates the daily gas volumes range from 5,234 Mcfd to 1,462 Mcfd, with periodic outliers due to maintenance or system upsets. In November 2019, the last month of the reporting period, Primexx flared approximately 47 percent of the recovered gas. The primary cause of flaring was pipeline capacity issues.
  - l. Zacate Unit 151-152 W No. 1H - Production data indicates the daily gas volumes range from 1,923 Mcfd to 336 Mcfd, with periodic outliers due to maintenance or system upsets. In November 2019, the last month of the reporting period, Primexx flared sporadically with period of no flaring followed by flaring activity. Primexx flared approximately four percent of the recovered gas for the month. In November 2019, the last month of the reporting period, Primexx flared approximately 100 percent of the recovered gas, but had reduced recovery during the month. Primexx was shut-in for two-thirds of the month due to off-set frac issues and media replacement in the H<sub>2</sub>S treatment facility for the well. The primary cause of flaring was pipeline capacity issues and H<sub>2</sub>S maintenance on the treatment system.
10. Primexx proposed the Mcfd and monthly flare exception volume limitation (“Mcfm”) for the Statewide 32 exception authority based on production and flaring data entered into evidence. Primexx utilized the highest daily production volume within the four-month period from August 2019 through November 2019, to establish the maximum daily flare exception volume for each Lease well. In addition, the Mcfm is based on the reported monthly flared volume necessary to be compliant with system upsets caused by H<sub>2</sub>S concentrations and capacity limitations of the pipeline. Attachment A to the Final Order identifies the flaring authority volumes of casinghead gas being proposed by Primexx.
11. The requested Statewide Rule 32 exception to flare casinghead gas is necessary for Primexx to produce the recoverable oil from the Subject Leases. Shutting-in the well would result in harm to the reservoir and loss of recovery.

12. At the hearing, Primexx agreed on the record that the Final Order in these docketed cases are 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 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).
4. Primexx met the requirements in Statewide Rule 32 to flare casinghead gas with the monthly limit established for the Lease wells and their associated flare point based on production data for a two-year period of time.
5. Primexx has met the requirements in Statewide Rule 32 to flare casinghead gas based on routine production maintenance issues, minor upsets and capacity issues 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 Primexx is granted a two-year exception to Statewide Rule 32 for the Lease well flare points in Attachment A to this Final Order. An exception to Statewide 32 is **APPROVED** to flare casinghead gas from the flare points based on the maximum daily and monthly limit and the authorized period, as reflected in Attachment A to this Final Order.

This authority is granted, provided all production is reported on the appropriate Commission forms. Primexx 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). This order, and the authority to flare granted herein, is **VOID** if the required fee is not paid by Primexx 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 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 June 16, 2020**

**RAILROAD COMMISSION OF TEXAS**

**(Order approved and signatures affixed by  
Hearings Division's Unprotected Master  
Order dated June 16, 2020)**

**ATTACHMENT A – FLARE EXCEPTION AUTHORITY**

Flare Exc. No.  (1)	Lease No.	Well and Flare Stack Name	Approved Flare Exception Authority for This Final Order  Mcf (2)  Mcfm (3)  Period Authorized
Pending	49778	Angelina Unit 302-303W No. 2H Well	825 Mcfd  25,100 Mcfm  7/17/2019  to  7/17/2021
Pending	52439	Angelina Unit 302-303E No. 9H Well	700 Mcfd  3,150 Mcfm  7/17/2019  to  7/17/2021

Flare Exc. No.  (1)	Lease No.	Well and Flare Stack Name	Approved Flare Exception Authority for This Final Order  Mcf/d (2)  Mcf/month (3)  Period Authorized
Pending	52439	Angelina Unit 302- 303E No. 10H	1,550 Mcfd  21,350 Mcfm  7/17/2019  to  7/17/2021
Pending	51245	Armadrilla State Unit 20-21E No. 10H	2,150 Mcfd  24,000 Mcfm  7/17/2019  to  7/17/2021
32706	40970	Bell Unit 213 A No. 5H and No. 9H Wells	1,175 Mcfd  28,000 Mcfm  7/17/2019  to  7/17/2021



Flare Exc. No. (1)	Lease No.	Well and Flare Stack Name	Approved Flare Exception Authority for This Final Order  Mcf/d (2)  Mcf/month (3)  Period Authorized
31313	50775 for 802H Well;  53410 for 803H Well	Campbell 802H and 803H Wells	350 Mcfd  2,900 Mcfm  7/17/2019  to  7/17/2021
Pending	49736	Neches Unit 178-179W No. 1H	1,975 Mcfd  38,600 Mcfm  7/17/2019  to  7/17/2021
Pending	49849	Pedernales 293 No. 1H	375 Mcfd  11,600 Mcfm  7/17/2019  to  7/17/2021

Flare Exc. No. (1)	Lease No.	Well and Flare Stack Name	Approved Flare Exception Authority for This Final Order  Mcf/d (2)  Mcf/month (3)  Period Authorized
Pending	49652	Vass Unit 13-14 Nos. 1H and 10H Wells	4,050 Mcfd  66,500 Mcfm  7/17/2019  to  7/17/2021
36854	49582	Zacate Unit 151-152 W No. 1H	1,200 Mcfd  37,000 Mcfm  7/17/2019  to  7/17/2021
39275	52276	Blanco Unit 224-223W Lease, Well No. 1H	2,400 Mcfd  58,000 Mcfm  7/17/2019  to  7/17/2021

Flare Exc. No. (1)	Lease No.	Well and Flare Stack Name	Approved Flare Exception Authority for This Final Order  Mcf/d (2)  Mcf/month (3)  Period Authorized )
Pending	52185	Meatloaf 58 Lease Well No. 1H	950 Mcfd  6,800 Mcfm  7/17/2019  to  7/17/2021

**Notes:**

**Mcf/d = Thousand Cubic Feet Per Day**

**Mcfm = Thousand Cubic Feet Per Month**

- (1) Flare Exc. refers to the flare exception in SWR 32. The administrative exception authority identified as pending is approved, but the number was not provided as part of the hearing or post-hearing discussions.
- (2) Mcfd is based on the highest daily production volume within the four-month period from August 2019 through November 2019, to establish the maximum daily flare exception volume for each Lease well.
- (3) Mcfm is based on the reported monthly flared volume necessary to be compliant with system upsets caused by H<sub>2</sub>S concentrations and capacity limitations of the pipeline.