

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

OIL AND GAS DOCKET NO. 08-0317786

**APPLICATION OF PIONEER NATURAL RESOURCES USA, INC. (665748) FOR AN
EXCEPTION TO STATEWIDE RULE 32 FOR VARIOUS WELL BATTERIES,
SPRABERRY (TREND AREA) FIELD, MARTIN AND MIDLAND COUNTIES, TEXAS**

FINAL ORDER

The Railroad Commission of Texas (“Commission”) finds that after a notice of hearing in the above-docketed case was provided to all parties entitled to notice, hearings were held on April 3, 2019, May 30, 2019 and January 15, 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. On January 25, 2019, Pioneer Natural Resources, Inc. (665748), (“Pioneer” or “Applicant”), filed its request for a hearing to consider an exception to Statewide Rule 32¹ for eight (8) central production facilities, serving a total of thirty-nine (39) leases, comprised of 134 wells in the Spraberry (Trend Area) Field, Martin County Texas.
2. On March 4, 2019, the Hearings Division of the Commission sent a Notice of Hearing (“Notice”) to Applicant and all offset operators in the field setting a hearing date of April 3, 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 April 3, 2019, 2019 as noticed. Applicant appeared and participated at the hearing. No one appeared in protest.
3. Post-hearing conferences were held on May 30, 2019 and January 15, 2020, to receive additional evidence relating to Pioneer’s SWR 32 exception application. Pioneer appeared and participated in the post-hearing conferences.
4. Pioneer requested and received administrative SWR 32 exception authority to vent from seven (7) of the central production facilities and to flare from one (1) of the central production facilities. The administrative SWR 32 exceptions for two (2) of the central production facilities expired on February 7, 2019, with the remaining administrative SWR 32 exceptions expiring on February 23, 2019. See Attachment A.

¹ SWR or Statewide Rule 32 refers to 16 Tex. Admin. Code § 3.32.

5. Statewide Rule 32(i)(4) provides that an operator is authorized to continue to vent or flare under the existing SWR 32 exception authority pending final commission action on the application. In this case, the most recent administratively approved exceptions have continued in effect during these proceedings and will remain in effect until final commission action on these applications.
6. All eight (8) of the subject central production facilities are connected to a WTG pipeline lateral which feeds into WTG's Sale Ranch facility.
7. WTG experienced a catastrophic fire at its Sale Ranch processing and compression facility during the Summer of 2019. This catastrophic event caused WTG to shut-in the lateral serving the eight (8) central production facilities during the fire and repairs on the WTG system.
8. During events of periodic and partial curtailment on the WTG system in the year 2019, the curtailed volumes of produced casinghead gas from the subject eight central production facilities were diverted to a central flare or vent point.
9. Pioneer flared or vented a fraction of the casinghead gas produced from the existing wells connected to the eight (8) subject central production facilities due to delivery curtailment by WTG occurring before and after the catastrophic fire at the Sale Ranch plant. None of the eight (8) central production facilities flared or vented during the month of March 2019.
10. WTG will be increasing the processing and compression capacity on its system in the year 2020 with the installation and operation of the Saint Lawrence plant in Glasscock County, Texas.
11. In the post-hearing conference held on April 30, 2019, Pioneer testified seven (7) central production facilities were not equipped with a central flare stack. The Scharbauer North Central production facility was already equipped with a central flare stack.
12. In the post-hear Conference held January 15, 2020, Pioneer demonstrated that it had installed a central flare stack at each of seven (7) of the subject central production facilities not previously equipped with a central flare stack.
13. The requested SWR 32 exception to flare casinghead gas is necessary during periods when the delivery of casinghead gas from the eight (8) central production facilities into the WTG gathering system is curtailed or made not available by WTG due to minor WTG system capacity constraints or routine equipment maintenance that are beyond the control of Pioneer during the authorized exception period.

14. The Commission's issuance of exceptions to Statewide Rule 32 to flare casinghead gas for limited periods of routine events related to planned/unplanned outages and transport/processing equipment up-grades and/or failures on a gas gatherer's system, with permitted flare volumes based on the aggregate deliverability of the oil wells connected to a particular flare point, is necessary to avoid curtailment of casinghead gas and oil production which will result in a reduction of ultimate recovery from the applicable oil reservoir.
15. At the hearing, Pioneer agreed in 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. 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. Pioneer has met the requirements in Statewide Rule 32 to flare casinghead gas based on WTG equipment maintenance issues and 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), the Final Order in this docketed case can be final and effective on the date a Master Order relating to this Final Order is signed.

Ordering Provisions

It is **ORDERED** that Pioneer Natural Resources USA, Inc. is granted exceptions to Statewide Rule 32 ("SWR 32"). Its request for authority to flare casinghead gas from the eight (8) central flare points serving thirty-nine (39) separate oil leases comprised of 134 vertical wells assigned to the Spraberry (Trend Area) Field, in Midland and Martin Counties, Texas, is **APPROVED** as follows:

For the period beginning with the request for hearing received on January 25, 2019 through March 31, 2020, the most recent administrative SWR 32 exception volumes for each of the central production facilities shall remain in effect. The maximum daily vent/flare volume cited in the most recent administrative SWR 32 exceptions for each of the eight (8) central production facilities is depicted in Attachment A, attached to this Final Order.

For the period from April 1, 2020, through February 28, 2021, the SWR 32 exceptions cover routine gas gathering and processing system maintenance and upsets. The maximum daily and maximum monthly flare exception volumes applicable to each of the central flare points are identified in Attachment B, attached to this Final Order.

The location of each of the eight (8) central flare points, and the location of an access entrance to each of the central flare points is depicted in Attachment C, attached to this Final Order.

This authority is granted, provided all production is reported on the appropriate Commission forms. Within 30 days of the effective date of this order, Pioneer shall file the Statewide Rule 32 Exception Data Sheet and the required fee for a Statewide Rule 32 exception for each of the flare points. 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 Pioneer 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 September 1, 2020

RAILROAD COMMISSION OF TEXAS

**(Order approved and signatures affixed by
Hearings Division's Unprotested Master Order
dated September 1, 2020)**

ATTACHMENT A

Central Flare Point Facility	Period Beginning	Period Ending	Maximum Daily Exception Volume (Mcf/d)
Curtis P.	January 25, 2019	March 31, 2020	70
Curtis R.S.W.	January 25, 2019	March 31, 2020	160
Dorothy	January 25, 2019	March 31, 2020	85
Scharbauer North Central	January 25, 2019	March 31, 2020	450
Scharbauer Ranch Central	January 25, 2019	March 31, 2020	100
Scharbauer South Central	January 25, 2019	March 31, 2020	150
Scharbauer Southeast Central	January 25, 2019	March 31, 2020	65
Sharbauer West Central	January 25, 2019	March 31, 2020	145

ATTACHMENT B

Central Flare Point Facility	Period Beginning	Period Ending	Maximum Daily Exception Volume (Mcf/d)	Maximum Monthly Exception Volume (Mcfm)
Curtis P.	April 1, 2020	February 28, 2021	214	4,300
Curtis R.S.W.	April 1, 2020	February 28, 2021	177	2,900
Dorothy	April 1, 2020	February 28, 2021	101	1,100
Scharbauer North Central	April 1, 2020	February 28, 2021	321	5,100
Scharbauer Ranch Central	April 1, 2020	February 28, 2021	102	1,400
Scharbauer South Central	April 1, 2020	February 28, 2021	159	2,500
Scharbauer Southeast Central	April 1, 2020	February 28, 2021	92	1,400
Sharbauer West Central	April 1, 2020	February 28, 2021	114	1,800

ATTACHMENT C

Central Flare Point Facility Location	Latitude	Longitude
Curtis P.	32.288839	-102.137694
Curtis R.S.W.	32.261649	-102.130235
Dorothy	32.275118	-102.108209
Scharbauer North Central	32.293039	-102.090535
Scharbauer Ranch Central	32.279263	-102.078745
Scharbauer South Central	32.267797	-102.084359
Scharbauer Southeast Central	32.272342	-102.065761
Sharbauer West Central	32.273675	-102.134014

Entrance Location to Central Flare Point Facility	Latitude	Longitude
Curtis P.	32.288104	-102.137308
Curtis R.S.W.	32.261819	-102.128782
Dorothy	32.276032	-102.108859
Scharbauer North Central	32.290287	-102.091880
Scharbauer Ranch Central	32.278290	-102.078185
Scharbauer South Central	32.267294	-102.084953
Scharbauer Southeast Central	32.271599	-102.065916
Sharbauer West Central	32.274135	-102.132794