



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL AND GAS DOCKET NO. 08-0291837

THE APPLICATION OF DEVON ENERGY PRODUCTION CO. LP FOR AN EXCEPTION TO STATEWIDE RULE 32 FOR THE GAILAN LEASE SPRABERRY (TREND AREA) FIELD MIDLAND COUNTY, TEXAS

HEARD BY: Karl Caldwell – Technical Examiner
Cecile Hanna – Legal Examiner

DATE OF HEARING: October 15, 2014
DATE OF CONFERENCE: January 27, 2015

APPEARANCES:

REPRESENTING:

APPLICANT:

John Soule
Dustin Freeman

Devon Energy Production Co. LP

EXAMINERS' REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Devon Energy Production Co. LP ("Devon") requests a four month exception to Statewide Rule 32 to flare casinghead gas from the Gailan Lease in the Spraberry (Trend Area) Field, Midland County, Texas. The request for an exception to Statewide Rule 32 is to ensure Devon is in compliance with the rule until construction to connect the lease to a pipeline is complete. Notice was provided to offset operators surrounding the subject lease and no protests were received. The application is unopposed and the examiners recommend approval of the exception to Statewide 32 to flare casinghead gas for a period of four months as requested by Devon.

DISCUSSION OF THE EVIDENCE

Statewide Rule 32 governs the utilization for legal purposes of natural gas produced under the jurisdiction of the Railroad Commission. Specifically, Statewide

Rule 32(h) provides that an exception to flare natural gas in volumes greater than 50 MCFPD per well may be granted administratively for a period up to 180 days. Beyond that, Statewide Rule 32(h) provides that exceptions shall be granted only in a final order signed by the Commission. In the context of the subject application, Devon is requesting an exception to flare casinghead gas produced from the subject lease as provided by Statewide Rule 32(h).

Devon received Permit No. 17715, effective March 7, 2014 expiring September 4, 2014 for a total of 180 days, the maximum length of time an exception to Statewide Rule 32 may be granted administratively. Devon requested a hearing be held to consider its request for an exception to Statewide Rule 32 as Devon was uncertain whether a pipeline to connect the Gailan Lease to a transmission line to sell the gas would be completed prior to the 180 day permit expiring. Permit No. 17715 authorized Devon to flare a maximum of 475 MCF per day of casinghead gas from the subject lease during the 180 day period.

Devon is requesting a four month exception to Statewide Rule 32, effective September 5, 2014 and expiring January 1, 2015 to flare a maximum of 475 MCF per day of casinghead gas from the Gailan Lease. The request for additional time to flare gas is needed to complete construction of a pipeline to connect the subject lease to a nearby transmission line that will allow the gas to be sold. On November 12, 2014 the Commission received a letter from Devon stating that the Gailan Lease was connected to the Coronado Pipeline on November 7, 2014 and no flaring of gas occurred after November 7, 2014. Devon therefore requested to amend the request for an exception to Statewide Rule 32 to reflect this information. Devon requests that the exception to Statewide Rule 32 commence on September 5, 2014 through November 7, 2014 for a total gas volume of 24,934 MDF of casinghead gas during this time period.

FINDINGS OF FACT

1. Proper notice of this hearing was given to offset operators at least ten days prior to the date of hearing. There were no protests to the application.
2. The Gailan Lease is located in the Spraberry (Trend Area) Field in Midland County, Texas.
3. Devon received Permit No. 17715 to flare a maximum volume of 475 MCF per day of casinghead gas from the Gailan Lease from March 7, 2014 through September 4, 2014.
4. The Gailan Lease was connected to the Coronado Pipeline on November 7, 2014.

5. Devon is requesting an exception to Statewide Rule 32 from the date the 180 administratively-granted permit expires to the date the Gailan Lease was connected to a pipeline on November 7, 2014, at which time all flaring of gas ceased.
6. Devon is requesting an exception to Statewide Rule 32 for the Gailan Lease pursuant to 16 TAC §§3.32(h).

CONCLUSIONS OF LAW

1. Proper notice was issued as required by all applicable statutes and regulatory codes.
2. All things have occurred and been accomplished to give the Commission jurisdiction in this matter.
3. The requested authority to flare casinghead gas satisfies the requirements of Title 16, Texas Administrative Code 3.32(h).

EXAMINERS' RECOMMENDATION

Based on the above findings of fact and conclusions of law, the examiners recommend that the Commission grant an exception to Statewide Rule 32 for the Gailan Lease, from September 5, 2014, through November 7, 2014, for a total flared volume of 24,934 MCF of casinghead gas as requested by Devon Energy Production Co. LP.

Respectfully submitted,



Karl Caldwell
Technical Examiner



Cecile Hanna
Legal Examiner