



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL & GAS DOCKET NO. 8A-0300911

THE APPLICATION OF RILEY EXPLORATION OPG CO, LLC FOR AN EXCEPTION TO STATEWIDE RULE 32 FOR FLARE GAS PERMIT FOR THE BEATEN PATH 597-648 LEASE, WELL NOS. 1XH, 2XH, 3XH, AND 4XH, PLATANG (SAN ANDRES) FIELD, YOAKUM COUNTY, TEXAS.

HEARD BY: Peggy Laird, P.G. – Technical Examiner
Dana Lewis – Administrative Law Judge

HEARING DATE: August 19, 2016

CONFERENCE DATE: January 24, 2017

APPEARANCES:

REPRESENTING:

APPLICANT:

Dale E. Miller
Harold Atkinson, Jr.

Riley Exploration OPG CO, LLC

EXAMINERS' REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Riley Exploration OPG CO, LLC ("Riley") seeks an exception to Statewide Rule 32 (16, Tex. Admin. Code §3.32) to flare gas from one flare point for the Beaten Path 597-648 Lease, Well Nos. 1XH, 2XH, 3XH, and 4XH, Platang (San Andres) Field, Yoakum County, Texas. All offset operators in the subject field were notified of the hearing. There were no objections filed, and no protestants appeared at the hearing. The Technical Examiner and Administrative Law Judge (collectively, "Examiners") recommend approval of the exception to Statewide 32.

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 MCF per day 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. Riley was granted a permit to flare casinghead gas that will be expiring. Riley is requesting an exception to Statewide 32 to flare casinghead gas for an additional period until appropriate pipeline connections can be completed.

The Platang (San Andres) Field was discovered on May 15, 1955, at a depth of 5,137 feet. The Beaten Path 597-648, Well No. 1XH, was completed January 3, 2016. The initial potential

test for Well No. 1XH was conducted on January 28, 2016, and reported oil production was 605 barrels of oil per day and gas production was 162 thousand cubic feet of gas per day ("MCFD"). The Beaten Path 597-648, Well No. 2XH is the most recent well, completed on May 21, 2016. The initial potential test for Well No. 2XH was conducted on June 3, 2016, and reported oil production was 300 barrels of oil per day and gas production was 85 MCFD.

Riley received administrative authority (Permit No. 25336) to flare up to 500 MCFD for 90 days from January 3, 2016 through April 2, 2016, and to flare up to 2,000 MCFD for 90 days from April 3, 2016 through July 2, 2016, as additional wells were added. The Commission received a hearing request on June 16, 2016, for an exception to Statewide Rule 32 for the subject lease and wells.

The existing infrastructure is limited and is unable to accommodate gas sales from the subject wells. Riley is in the process of constructing a new pipeline to connect their wells to sales. Riley reported the rights-of-way have been obtained, and the anticipated completion date for the pipeline is less than one year. Riley is requesting authority to flare up to 2,000 MCFD from July 3, 2016 through July 2, 2017, at which time connection to a pipeline gathering system for sales should be completed.

FINDINGS OF FACT

1. Notice of this hearing was given to all parties entitled to notice at least ten days prior to the date of the hearing. There were no protests to the application.
2. The subject wells received an administrative permit to flare casinghead gas for 180 days.
3. There is limited infrastructure to accommodate gas sales from the subject wells.
4. Riley is in the process of constructing a new pipeline to connect the subject wells to sales.

CONCLUSIONS OF LAW

1. All things have occurred and been accomplished to give the Commission jurisdiction in this matter. Tex. Nat. Res. Code § 81.051.
2. Proper notice of this hearing was given to all parties entitled to notice at least 10 days prior to the hearing. 16 Tex. Admin. Code § 3.32.
3. The requested exception to flare casinghead gas meets the requirements of Statewide Rule 32. 16 Tex. Admin. 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 subject lease and wells, as requested by Riley Exploration OPG CO, LLC.

Respectfully submitted,



Peggy Laird, P.G.
Technical Examiner



Dana Lewis
Administrative Law Judge