



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL AND GAS DOCKET No. 01-0307785

THE APPLICATION OF MATADOR PRODUCTION COMPANY FOR AN EXCEPTION TO STATEWIDE RULE 32 FOR THE MARTIN RANCH TB FACILITY, EAGLEVILLE (EAGLE FORD-1) FIELD, LA SALLE COUNTY, TEXAS

OIL AND GAS DOCKET No. 08-0307783

THE APPLICATION OF MATADOR PRODUCTION COMPANY FOR AN EXCEPTION TO STATEWIDE RULE 32 FOR THE JOHNSON 44 TB FACILITY, PHANTOM (WOLFCAMP) AND TWO GEORGES (BONE SPRING) FIELDS, LOVING COUNTY, TEXAS

OIL AND GAS DOCKET No. 08-0307784

THE APPLICATION OF MATADOR PRODUCTION COMPANY FOR AN EXCEPTION TO STATEWIDE RULE 32 FOR THE BARNETT TB FACILITY, PHANTOM (WOLFCAMP) AND TWO GEORGES (BONE SPRING) FIELDS, LOVING COUNTY, TEXAS

OIL AND GAS DOCKET No. 08-0307809

THE APPLICATION OF MATADOR PRODUCTION COMPANY FOR AN EXCEPTION TO STATEWIDE RULE 32 FOR THE BILLY BURT TB FACILITY, PHANTOM (WOLFCAMP) AND TWO GEORGES (BONE SPRING) FIELDS, LOVING COUNTY, TEXAS

OIL AND GAS DOCKET No. 08-0307810

THE APPLICATION OF MATADOR PRODUCTION COMPANY FOR AN EXCEPTION TO STATEWIDE RULE 32 FOR THE ARNO TB FACILITY, PHANTOM (WOLFCAMP) AND TWO GEORGES (BONE SPRING) FIELDS, LOVING COUNTY, TEXAS

HEARD BY: Karl Caldwell – Technical Examiner
Clayton Hoover – Administrative Law Judge

HEARING DATE: February 7, 2018
CONFERENCE DATE: March 20, 2018

APPEARANCES:

REPRESENTING:

APPLICANT:

Davin McGinnis, Attorney
Glenn Stetson, Team Leader & Engineer

Matador Production Company

EXAMINERS' REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Matador Production Company (Matador) seeks to renew its current exception to Statewide Rule 32 for the following:

- 1) The Barnett TB Facility, Phantom (Wolfcamp) and Two Georges (Bone Spring) Fields, Loving County.
- 2) The Arno TB Facility, Phantom (Wolfcamp) and Two Georges (Bone Spring) Fields, Loving County.
- 3) The Billy Burt TB Facility, Phantom (Wolfcamp) and Two Georges (Bone Spring) Fields, Loving County.
- 4) The Johnson 44 TB Facility, Phantom (Wolfcamp) and Two Georges (Bone Spring) Fields, Loving County.
- 5) The Martin Ranch TB Facility, Eagleville (Eagle Ford-1) Field, La Salle County.

For each application, notice was provided to all offset operators. For each application, Matador is requesting an extension of its current Statewide Rule 32 exception for a period of two years. The applications are unopposed and the Technical Examiner and Administrative Law Judge (collectively, "Examiners") recommend approval of the applications.

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(j) *Opportunity for hearing* states that an operator may request a hearing on any application for an exception, or exception renewal required by this section. On November 8, 2017, the Commission received a hearing request for a Statewide Rule 32 exception renewal for each of the five (5) tank batteries listed above. The 5 tank batteries have previously received administrative flaring authority that is set to expire.

Pursuant to Statewide Rule 32, 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. The Commission received a request for hearing on the applications of Matador for an exception to Statewide Rule 32 for the

five subject tank batteries on November 8, 2017. Since the request for hearing on renewals of existing exceptions to Statewide Rule 32 for the subject leases was received by the Commission at least 21 days before the expiration of the existing exceptions, the operator is authorized to continue to operate under the existing authority pending final commission action on the applications.

Matador has been granted administrative permits for each of the five subject tank batteries as follows:

The Barnett TB Facility (Commingling Permit No. 08-7548) was granted Permit No. 26989, effective to November 30, 2017, to flare a maximum of 463 Mcfd. Matador is requesting to extend the current permit to flare up to 6,000 Mcf per month (an average of approximately 200 Mcfd), for a period of two years.

The Arno TB Facility (Commingling Permit No. 08-7864) was granted Permit No. 26986, effective to November 30, 2017, to flare a maximum of 283 Mcfd. Matador is requesting to extend the current permit to flare up to 2,500 Mcf per month (an average of approximately 82 Mcfd), for a period of two years.

The Billy Burt TB Facility (Commingling Permit No. 08-7697) was granted Permit No. 26987, effective to November 30, 2017, to flare up to 165 Mcfd. Matador is requesting to extend the current permit to flare up to 1,500 Mcf per month (an average of approximately 50 Mcfd), for a period of two years.

The Johnson 44 TB Facility (Commingling Permit No. 08-7693) was granted Permit No. 25725, effective to November 30, 2017, to flare a maximum of 146 Mcfd. Matador is requesting to extend the current permit to flare up to 1,500 Mcf per month (an average of approximately 50 Mcfd), for a period of two years.

The Martin Ranch TB Facility (Lease No. 15980) was granted Permit No. 18834, effective to November 30, 2017. Matador is requesting to extend the current permit to flare up to 2,000 Mcf per month (an average of approximately 66 Mcfd), for a period of two years.

Under normal conditions, all gas produced will be sold. At times, intermittent flaring may be necessary due to pipeline capacity issues and curtailment. Plant interruptions may also result in gas to be flared periodically. The pipeline issues and plant interruptions resulting in the flaring of gas are unpredictable in terms of when an interruption will occur and in the duration of the interruption.

Matador agreed, that, pursuant to the provisions of Texas Government Code §2001.144(a)(4)(A), this Final Order shall be final and effective on the date a Master Order relating to this Final Order is signed.

FINDINGS OF FACT

1. 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. On November 8, 2017, the Commission received a hearing request for a Statewide Rule 32 exception renewal for five subject tank batteries.
 - a. The Barnett TB Facility (Commingling Permit No. 08-7548) was granted Permit No. 26989, effective to November 30, 2017 to flare a maximum of 463 Mcfd. Matador is requesting to flare up to 6,000 Mcf per month (an average of approximately 200 Mcfd), for a period of two years.
 - b. The Arno TB Facility (Commingling Permit No. 08-7864) was granted Permit No. 26986, effective to November 30, 2017 to flare a maximum of 283 Mcfd. Matador is requesting to flare up to 2,500 Mcf per month (an average of approximately 82 Mcfd), for a period of two years.
 - c. The Billy Burt TB Facility (Commingling Permit No. 08-7697) was granted Permit No. 26987, effective to November 30, 2017 to flare up to 165 Mcfd. Matador is requesting to flare up to 1,500 Mcf per month (an average of approximately 50 Mcfd), for a period of two years.
 - d. The Johnson 44 TB Facility (Commingling Permit No. 08-7693) was granted Permit No. 25725, effective to November 30, 2017 to flare a maximum of 146 Mcfd. Matador is requesting to flare up to 1,500 Mcf per month (an average of approximately 50 Mcfd), for a period of two years.
 - e. The Martin Ranch TB Facility (Lease No. 15980) was granted Permit No. 18834, effective to November 30, 2017. Matador is requesting to flare up to 2,000 Mcf per month (an average of approximately 66 Mcfd), for a period of two years.
3. Under normal conditions, all gas produced will be sold. At times, intermittent flaring may be necessary due to pipeline capacity issues and curtailment. Plant interruptions may also result in gas to be flared periodically. The pipeline issues and plant interruptions resulting in the flaring of gas are unpredictable in terms of when an interruption will occur and in the duration of the interruption.

4. Matador agreed, that, pursuant to the provisions of Texas Government Code §2001.144(a)(4)(A), this Final Order shall be final and effective on the date a Master Order relating to this Final Order is signed.

CONCLUSIONS OF LAW

1. Notice was issued as required by all applicable statutes and regulatory codes.
5. All things have occurred and been accomplished to give the Commission jurisdiction in this matter.
6. Title 16, Texas Administrative Code 3.32(h) provides for an exception to Statewide Rule 32.
3. Pursuant to §2001.144(a)(4)(A), of the Texas Government Code, and the agreement of the applicant, this Final Order is final and effective when a Master Order relating to this Final Order is signed on March 20, 2018.

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 a period of two years for the Barnett TB Facility, Arno TB Facility, Billy Burt TB Facility, Johnson 44 TB Facility, and the Martin Ranch TB Facility.

Respectfully submitted,



Karl Caldwell
Technical Examiner



Clayton Hoover
Administrative Law Judge