



RAILROAD COMMISSION OF TEXAS HEARINGS DIVISION

OIL AND GAS DOCKET No. 8A-0309418

THE APPLICATION OF RILEY PERMIAN OPERATING CO, LLC FOR AN EXCEPTION TO STATEWIDE RULE 32 FOR THE RUSTY CRANE 604-577/STIFF SADDLE 641-668 (70559/70545), WELL NOS. 1XH, 3H, 1XH, AND 3XH, PLATANG (SAN ANDRES) FIELD, YOAKUM COUNTY, TEXAS

OIL AND GAS DOCKET No. 8A-0309420

THE APPLICATION OF RILEY PERMIAN OPERATING CO, LLC FOR AN EXCEPTION TO STATEWIDE RULE 32 FOR THE WESTERN SKIES 600-645 (70560) LEASE, WELL NOS. 1XH AND 2XH, PLATANG (SAN ANDRES) FIELD, YOAKUM COUNTY, TEXAS

OIL AND GAS DOCKET No. 8A-0309434

THE APPLICATION OF RILEY PERMIAN OPERATING CO, LLC FOR AN EXCEPTION TO STATEWIDE RULE 32 FOR THE STAGECOACH 543 (70604) LEASE, WELL NOS. 2H AND 4H, PLATANG (SAN ANDRES) FIELD, YOAKUM COUNTY, TEXAS

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

HEARING DATE: April 16, 2018
CONFERENCE DATE: June 19, 2018

APPEARANCES: **REPRESENTING:**

APPLICANT: Laura Winker
Riley Permian Operating Co, LLC

EXAMINERS' REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Riley Permian Operating Co, LLC (Riley) seeks exception renewals for its current Statewide Rule 32 exceptions for the following:

- 1) Rusty Crane 604-577 (70559) Lease, Platang (San Andres) Field in Yoakum County.
- 2) Stiff Saddle 641-668 (70545) Lease, Platang (San Andres) Field in Yoakum County.
- 3) Western Skies 600-645 (70560) Lease, Platang (San Andres) Field in Yoakum County.
- 4) Stagecoach 543 (70604) Lease, Platang (San Andres) Field in Yoakum County.

For each application, notice was provided to all offset operators in the Platang (San Andres) Field. For each application, Riley is requesting an extension of its current Statewide Rule 32 exception for a period of 18 months. The applications are unopposed and the Technical Examiner and Administrative Law Judge (collectively, "Examiners") recommend approval of an 18-month exception to Statewide Rule 32 for the subject applications, as requested by Riley.

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. The Commission received a hearing request for a Statewide Rule 32 exception renewal for the Stagecoach 543 (70640) Lease on February 8, 2018. The Commission received a hearing request for a Statewide Rule 32 exception renewal for the Stiff Saddle 641-668 (70545) Lease, the Rusty Crane 604-577 (70559) Lease, and the Western Skies 600-645 (70560) Lease on February 12, 2018. Each request for an extension of an existing exception to Statewide rule 32 was received by the Commission at least 21 days before the expiration of the previous flaring authority.

Rusty Crane 604-577 (70559) and the Stiff Saddle 641-668 (70545) Leases

In Oil and Gas Docket No. 8A-0309418, Riley Permian Operating Co, LLC (Riley) seeks a renewal of its current Statewide Rule 32 exception for the Rusty Crane 604-577 (70559) Lease and the Stiff Saddle 641-668 (70545) Lease, in the Platang (San Andres) Field in Yoakum County. Riley was granted authority in Final Order No. 8A-0301739 to flare a maximum of 2,000 Mcf of casinghead gas per day for the Rusty Crane 604-577 (70559) Lease and the Stiff Saddle 641-668 (70545) Lease, effective March 10, 2017, and expiring on March 10, 2018.

Stakeholder Midstream ("Stakeholder") is the current purchaser of oil produced on the subject leases and is in the process of building lines to gather the gas from produced from the subject leases. Riley is requesting an 18-month extension of its

current exception to Statewide Rule 32 for the subject leases while the gas gathering lines and associated facilities are being constructed.

Western Skies 600-645 (70560) Lease

In Oil and Gas Docket No. 8A-0309420, Riley Permian Operating Co, LLC (Riley) seeks a renewal of its current Statewide Rule 32 exception for the Western Skies 600-645 (70560) Lease in the Platang (San Andres) Field in Yoakum County. Riley was granted authority in Final Order No. 8A-0304042 to flare a maximum of 1,000 Mcf of casinghead gas per day for the Western Skies 600-645 (70560) Lease, effective March 10, 2017, and expiring on March 10, 2018.

Stakeholder Midstream ("Stakeholder") is the current purchaser of oil produced on the subject leases and is in the process of building lines to gather the gas from produced from the subject leases. Riley is requesting an 18-month extension of its current exception to Statewide Rule 32 for the subject leases while the gas gathering lines and associated facilities are being constructed.

Stagecoach 543 (70640) Lease

In Oil and Gas Docket No. 8A-0308634, Riley Permian Operating Co, LLC (Riley) seeks a renewal of its current Statewide Rule 32 exception for the Stagecoach 543 (70604) Lease, in the Platang (San Andres) Field in Yoakum County. Riley was granted Permit No. 32124 for the Stagecoach 543 Lease to flare a maximum of 500 Mcf of casinghead gas per day for the Stagecoach 543 Lease, effective October 15, 2017, and expiring on April 14, 2018. Riley has permitted an additional well on the subject lease which is expected to be completed and producing within the next 18-month period.

Stakeholder Midstream ("Stakeholder") is the current purchaser of oil produced on the subject leases and is in the process of building lines to gather the gas from produced from the subject leases. Riley is requesting an 18-month extension of its current exception to Statewide Rule 32 for the subject lease to flare a maximum of 1,000 Mcfd of casinghead gas (an average of 500 Mcfd per well on the lease), while the gas gathering lines and associated facilities are being constructed.

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

FINDINGS OF FACT

1. Notice of these applications and notice of hearing was given to offset operators at least ten days prior to the date of hearing. There were no protests to the applications.

2. Riley Permian Operating Co, LLC seeks Statewide Rule 32 exception renewals for the following:
 - a. Rusty Crane 604-577 (70559) Lease, Platang (San Andres) Field in Yoakum County.
 - b. Stiff Saddle 641-668 (70545) Lease, Platang (San Andres) Field in Yoakum County.
 - c. Western Skies 600-645 (70560) Lease, Platang (San Andres) Field in Yoakum County.
 - d. Stagecoach 543 (70604) Lease, Platang (San Andres) Field in Yoakum County.
3. For each application, Riley is requesting an extension of its current Statewide Rule 32 exception for a period of 18 months.
4. Riley seeks a renewal of its current Statewide Rule 32 exception for the for the Rusty Crane 604-577 (70559) Lease and the Stiff Saddle 641-668 (70545) Lease in the Platang (San Andres) Field in Yoakum County.
 - a. Riley was granted authority in Final Order No. 8A-0301739 to flare a maximum of 2,000 Mcf of casinghead gas per day for the Rusty Crane 604-577 (70559) Lease and the Stiff Saddle 641-668 (70545) Lease, effective March 10, 2017, and expiring on March 10, 2018.
 - b. Stakeholder Midstream is the current purchaser of oil produced on the subject leases.
 - c. Stakeholder Midstream is in the process of building lines to gather the gas from produced from the subject leases.
 - d. Riley is requesting an 18-month extension of its current exception to Statewide Rule 32 for the subject leases while the gas gathering lines and associated facilities are being constructed.
5. Riley seeks a renewal of its current Statewide Rule 32 exception for the Western Skies 600-645 (70560) Lease in the Platang (San Andres) Field in Yoakum County.
 - a. Riley was granted authority in Final Order No. 8A-0304042 to flare a maximum of 1,000 Mcf of casinghead gas per day for the Western Skies 600-645 (70560) Lease, effective March 10, 2017, and expiring on March 10, 2018.

- b. Stakeholder Midstream is the current purchaser of oil produced on the subject leases.
 - c. Stakeholder Midstream is in the process of building lines to gather the gas from produced from the subject leases.
 - d. Riley is requesting an 18-month extension of its current exception to Statewide Rule 32 for the subject leases while the gas gathering lines and associated facilities are being constructed.
6. Riley seeks a renewal of its current Statewide Rule 32 exception for the Stagecoach 543 (70604) Lease, in the Platang (San Andres) Field in Yoakum County.
- a. Riley was granted Permit No. 32124 for the Stagecoach 543 Lease to flare a maximum of 500 Mcf of casinghead gas per day for the lease, effective October 15, 2017, and expiring on April 14, 2018.
 - b. Riley was granted Permit No. 32124 for the Stagecoach 543 Lease to flare a maximum of 500 Mcf of casinghead gas per day for the Stagecoach 543 Lease, effective October 15, 2017, and expiring on April 14, 2018.
 - c. Riley has permitted an additional well on the subject lease which is expected to be completed and producing within the next 18-month period.
 - d. Stakeholder Midstream ("Stakeholder") is the current purchaser of oil produced on the subject leases.
 - e. Stakeholder Midstream is in the process of building lines to gather the gas produced from the subject leases.
 - f. Riley is requesting an 18-month extension of its current exception to Statewide Rule 32 for the subject lease to flare a maximum of 1,000 Mcfd of casinghead gas (an average of 500 Mcfd per well on the lease), while the gas gathering lines and associated facilities are being constructed.
7. For each application, Riley agreed, that, pursuant to the provisions of Texas Government Code §2001.144(a)(4)(A), these Final Orders shall be final and effective on the date a Master Order relating to these Final Orders is signed.

CONCLUSIONS OF LAW

1. 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. Title 16, Texas Administrative Code 3.32(h) provides for an exception to Statewide Rule 32.
4. Pursuant to §2001.144(a)(4)(A), of the Texas Government Code, and the agreement of the applicant, these Final Orders are effective when a Master Order relating to this Final Order is signed.

EXAMINERS' RECOMMENDATION

Based on the above findings of fact and conclusions of law, the Examiners recommend that the Commission grant Statewide Rule 32 exception renewals for a period of 18 months for the Stagecoach 543 (70640) Lease, the Stiff Saddle 641-668 (70545) Lease, the Rusty Crane 604-577 (70559) Lease, and the Western Skies 600-645 (70560) Lease, as requested by Riley

Respectfully submitted,



Karl Caldwell
Technical Examiner



Clayton J. Hoover
Administrative Law Judge