



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL AND GAS DOCKET NO. 08-0314127

APPLICATION OF GREYSTONE PETROLEUM, LLC (OPERATOR NO. 333762) FOR AN EXCEPTION TO STATEWIDE RULE 32 FOR THE UNIVERSITY LANDS 31 CPF (49619) LEASE, EMMA (DEVONIAN) FIELD, ANDREWS COUNTY, TEXAS

HEARD BY: Karl Caldwell – Technical Examiner
Kristi M. Reeve– Administrative Law Judge

HEARING DATE: September 25, 2018
RECORD CLOSED: September 25, 2018
CONFERENCE DATE: December 11, 2018

APPEARANCES: **REPRESENTING:**

APPLICANT: Greystone Petroleum, LLC

Rick Johnston P.E.

EXAMINERS' REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Greystone Petroleum, LLC ("Greystone"), Operator No. (433762), seeks an extension of its current administrative flare permit (Flare Permit No. 34887), authorizing Greystone to flare up to a maximum of 2,500 Mcfd of casinghead gas for the University Lands 31 central production facility (CPF), Lease No. 08-49619, effective January 15, 2018, and expiring August 25, 2018. Notice of the application was provided to all operators listed on the proration schedule for the Emma (Devonian) Field. The application is unopposed, and the Technical Examiner and Administrative Law Judge (collectively, "Examiners") recommend approval of a Statewide Rule 32 exception renewal for the University Lands 31 CPF as requested by Greystone.

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. Greystone was previously granted Flare Permit No. 34887 for the University Lands 31 CPF, with an effective date of January 15, 2018, and expiring on August 25, 2018. On August 6, 2018, the Commission received a hearing request from Greystone to extend its current Statewide Rule 32 exception for University Lands 31 CPF, Flare Permit No. 34887. Greystone requests to extend the current Statewide Rule 32 exception from August 26, 2018 to August 25, 2020, to flare a maximum of 2,500 Mcfd.

The University Lands 31 Lease is an oil lease. Currently there is only one well producing into the University Lands 31 central production facility, the University Lands 31, Well No. 2H. Greystone is planning to drill additional wells that will be connected to this facility and requests to extend its current flaring authority for an additional two-year period. The University Lands 31 CPF facility does have a pipeline connection, and Greystone has been selling most of the casinghead gas produced. The authority to flare casinghead gas is only for periods of operational upset when all gas cannot be sold.

Greystone 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 all operators listed on the proration schedule for the Emma (Devonian) Field at least ten days prior to the date of hearing. There were no protests to the application.
2. On August 6, 2018, the Commission received a hearing request from Greystone to extend its current Statewide Rule 32 exception for University Lands 31 CPF, Flare Permit No. 34887.
3. Greystone requests to extend the current Statewide Rule 32 exception from August 26, 2018 to August 25, 2020, to flare a maximum of 2,500 Mcfd.
4. Greystone was previously granted Flare Permit No. 34887 for the University Lands 31 CPF, with an effective date of January 15, 2018, and expiring on August 25, 2018.
5. The University Lands 31 Lease is an oil lease.

6. Currently there is only one well producing into the University Lands 31 central production facility, the University Lands 31, Well No. 2H. Greystone is planning to drill additional wells that will be connected to this facility and requests to extend its current flaring authority for an additional two-year period.
7. The University Lands 31 CPF facility does have a pipeline connection, and Greystone has been selling most of the casinghead gas produced. The authority to flare casinghead gas is only for periods of operational upset when all gas cannot be sold.
8. Greystone 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

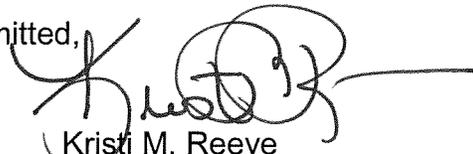
1. Notice was issued as required by all applicable statutes and regulatory codes.
2. All things have occurred and been accomplished to give the Commission jurisdiction in this matter.
3. Title 16, Texas Administrative Code 3.32(h) (4) provides for an exception for more than 180 days and for volumes greater than 50 Mcf per day.
4. Pursuant to §2001.144(a)(4)(A), of the Texas Government Code, and the consent of the applicant, this Final Order is final and 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 an exception to Statewide Rule 32 exception renewal for the University Lands 31 CPF, Flare Permit No. 34887, to extend the current Statewide Rule 32 exception from August 26, 2018 to August 25, 2020, to flare a maximum of 2,500 Mcfd. as requested by Greystone.


Karl Caldwell
Technical Examiner

Respectfully submitted,


Kristi M. Reeve
Administrative Law Judge