



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL & GAS DOCKET NO. 8A-0317077

APPLICATION OF RGX ENERGY LLC (707493) FOR AN EXCEPTION TO STATEWIDE RULE 32 FOR JACKSON UNIT, WELL NO. 1H, IN TEX-MEX, SE. (WICHITA ALBANY) FIELD, GAINES COUNTY, TEXAS

HEARD BY: Petar Buva – Technical Examiner
Lynn Latombe – Administrative Law Judge

HEARING DATE: March 5, 2019
CONFERENCE DATE: March 26, 2019

APPEARANCES: **REPRESENTING:**

APPLICANT: RGX Energy, LLC

Stephanie Kover (Attorney)
Thomas A. Holmes (Engineer)

EXAMINERS' REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

RGX Energy, LLC (707493) ("RGX") is requesting a Statewide Rule 32 exception for the Jackson Unit Lease (70795), Well No. 1H, in the Tex-Mex, SE. (Wichita Albany) Field, Gaines County, Texas. Notice of the application was provided to offset operators in the field and no protests were received. The application is unopposed, and the Technical Examiner and Administrative Law Judge (collectively, "Examiners") recommend approval of a Statewide Rule 32 exception for the Well No. 1H as requested by RGX.

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 Well No. 1H on December 17, 2019 to consider a two-year extension. RGX

was granted Flaring Permit No. 34336, effective June 15, 2018 through December 23, 2018 to flare a maximum of 500 thousand cubic feet ("MCF") of casinghead gas per day for the flare point associated with Well No. 1H.

RGX seeks authorization to flare 200 MCF per day of casinghead gas from the flare point associated with Well No. 1H from December 24, 2018 through December 24, 2020. The flaring is necessary due to sales line unavailability and the operator presented evidence of extensive efforts made towards establishing gas sales. The requested Rule 32 Exception is necessary to avoid curtailment of gas production by reducing production or shutting in well, which would result in mechanical difficulties and/or reduction of ultimate recovery from the reservoir. Tabulation of the data pertaining to the RGX application is presented below.

Flare Permit No.	Lease No.	Lease Name	Permit Start Date	Permit End Date	Maximum Flare Volume (MCF/Day)	Additional Information
34336	8A-70795	Jackson Unit 1H	Dec. 24, 2018	Dec. 24, 2020	200	API No. 42-165-38644

RGX agreed that pursuant to the provisions of Texas Government Code §2001.144(a)(4)(A), this Final Order can 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 in the subject field at least ten days prior to the date of hearing. There were no protests to the application.
2. The Commission received a hearing request for a Statewide Rule 32 exception the flare point associated with Well No. 1H to consider a two-year extension of the current flare permit.
3. RGX requests an exception to Statewide Rule 32 for the flare point associated with Well No. 1H for a period of two years from December 24, 2018 through December 24, 2020 to flare a maximum of 200 MCF per day of casinghead gas.
4. RGX was granted Flaring Permit No. 34336, effective June 15, 2018 through December 23, 2018 to flare a maximum of 200 MCF per day of casinghead gas for the flare point associated with Well No. 1H.

5. The requested Rule 32 Exception is necessary to avoid curtailment of gas production by reducing production or shutting in well, which would result in mechanical difficulties and/or reduction of ultimate recovery from the reservoir.
6. RGX agreed in writing or on the record that, pursuant to the provisions of Texas Government Code §2001.144(a)(4)(A), this Final Order can 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 applicable statutes and commission rules.
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 Statewide Rule 32. 16 Tex. Admin. Code § 3.32(h).
4. Pursuant to §2001.144(a)(4)(A) of the Texas Government Code and by agreement of the parties in writing or on the record, the Final Order can be 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 from December 24, 2018 through December 24, 2020 of maximum 200 MCF per day of casinghead gas for Well No. 1H, Jackson Unit Lease (70795), the Tex-Mex, SE. (Wichita Albany) Field, Gaines County, Texas as requested by RGX Energy, LLC.

Respectfully submitted,

Petar Buva
Technical Examiner

Lynn Latombe
Administrative Law Judge