



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL & GAS DOCKET NO. 08-0317191

APPLICATION OF WPX ENERGY PERMIAN, LLC (942623) FOR AN EXCEPTION TO STATEWIDE RULE 32 FOR VARIOUS WELLS AND LEASES IN THE PHANTOM (WOLFCAMP) FIELD, REEVES COUNTY, TEXAS

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

HEARING DATE: March 12, 2019
CONFERENCE DATE: April 9, 2019

APPEARANCES: **REPRESENTING:**

APPLICANT: WPX Energy Permian, LLC

Bill Spencer (Attorney)
James Clark (Engineer)

EXAMINERS' REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

WPX Energy Permian, LLC (942623) ("WPX") is requesting a Statewide Rule 32 exception for various wells and leases in the Phantom (Wolfcamp) Field, Reeves 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 various wells and leases as requested by WPX.

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 for various wells and leases in Reeves County on December 19, 2018. WPX has been flaring subject wells and leases under three separate flaring permits. Flaring Permit No. 34343

was effective through January 29, 2019, with maximum flaring volume 100 thousand cubic feet ("MCF") of gas per day. Flaring Permit No. 34342 was effective through January 28, 2019, with maximum flaring volume 100 MCF of gas per day. Flaring Permit No. 36993 was effective through January 4, 2019, with maximum flaring volume 300 MCF of gas per day. At this time WPX seeks authorization for following flare points:

Permit No.	Commingle Permit/ Lease No.	Lease Name/	Permit Start Date	Permit End Date	Maximum Flare Volume (MCF/Day)
34343	Commingle Permit No. 08-8589	George 1-1H	1/30/2019	1/30/2021	700
34342	Lese No. 08-284353	HERC State 6-1H	1/29/2019	1/29/2021	200
36993	Lease No. 08-284637	Wendy State 18	1/5/2019	1/5/2021	300

WPX seek tis authority because the primary gas plant and third-party purchasers are not always able to take 100% of the produced gas. Curtailment of gas production by reducing production or shutting in the well would result in mechanical difficulties and/or reduction of ultimate recovery from the reservoir.

WPX 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 on December 19, 2018 for a Statewide Rule 32 exception for various wells and leases in the Phantom (Wolfcamp) Field, Reeves County, Texas.
3. WPX requests an exception to Statewide Rule 32 for the flare point associated with the Surface Commingle Permit No. 08-8589 for a period of two years from January 30, 2019 through January 30, 2021 to flare a maximum of 700 MCF of gas per day.
4. WPX requests an exception to Statewide Rule 32 for the flare point associated with the Lease No. 08-284353 for a period of two years from

January 29, 2019 through January 29, 2021 to flare a maximum of 200 MCF of gas per day.

5. WPX requests an exception to Statewide Rule 32 for the flare point associated with the Lease No. 08-284637 for a period of two years from January 4, 2019 through January 4, 2021 to flare a maximum of 300 MCF of gas per day.
6. WPX was granted Flaring Permit No. 34343, effective through January 29, 2019 to flare a maximum of 100 MCF per day of gas for the flare point associated with the Surface Commingle Permit No. 08-8589.
7. WPX was granted Flaring Permit No. 34342, effective through January 28, 2019 to flare a maximum of 100 MCF per day of gas for the flare point associated with the Lease No. 08-284353.
8. WPX was granted Flaring Permit No. 36993, effective through January 4, 2019 to flare a maximum of 300 MCF per day of gas for the flare point associated with the Lease No. 08-284637.
9. WPX seek tis authority because the third-party purchasers are not always able to take the excess gas.
10. The flaring authority has been requested, because the primary gas plant and third-party purchasers are not always able to take 100% of the produced gas.
11. 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.
12. WPX 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 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 as specified in this report for various wells and leases in the Sandbar (Bone Spring) Field, Loving County, Texas as requested by WPX Energy Permian, LLC.

Respectfully submitted,



Petar Buva
Technical Examiner



Lynn Latombe
Administrative Law Judge