



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL & GAS DOCKET NO. 08-0316232

APPLICATION OF UPCURVE ENERGY, LLC (878506) FOR AN EXCEPTION TO 16 TAC 3.32 TO FLARE CASINGHEAD GAS FROM VARIOUS WELLS, VARIOUS LEASES, REEVES COUNTY, TEXAS.

HEARD BY: Peggy Laird, P. G. – Technical Examiner
Clayton J. Hoover – Administrative Law Judge

REVIEWED BY: Richard Eyster, P.G. – Technical Examiner
Lynn Latombe – Administrative Law Judge

HEARING DATE: January 15, 2019

APPEARANCES:

James M. Clark, P.E.

REPRESENTING:

Upcurve Energy, LLC

EXAMINERS' REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Upcurve Energy, LLC ("Upcurve") seeks exception to 16 TAC 3.32 to flare casinghead gas ("gas") as needed from the Gambler State/ S. Johnson 19 Facility, the E. Storm State 33 Lease, and the Sunshine State 44 Lease, Reeves County, Texas for two. Years.

The wells connected to the tank batteries are connected to sales lines and flaring is limited to intermittent emergency conditions, such as compressor failure, pipeline capacity limitations, maintenance down-time, or disruptive events. The application was not protested. The Technical Examiner and Administrative Law Judge (collectively, "Examiners") recommend Upcurve's application be granted.

DISCUSSION OF THE EVIDENCE

Statewide Rule 32 governs the utilization of gas well gas and casinghead gas produced by oil and gas wells under the jurisdiction of the Railroad Commission.

Upcurve received flare permits authorizing the emergency flaring of casinghead gas ("gas") from March 1, 2018 to July 31, 2018.

Upcurve is now requesting a two-year authority to flare casinghead gas on an intermittent basis as shown in Appendix 1. All of the wells are connected to gas sales lines and Upcurve is selling the gas most of the time. However, due to issues with lease equipment or pipeline capacity, Upcurve frequently finds itself of being in the position to either flare gas or shut-in full well stream production from multiple wells until the particular event is resolved. Without the requested flaring authority Upcurve stated that they would have to shut in the wells which may cause damage to the wells and reservoir, resulting in the waste of hydrocarbons.

Upcurve 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 parties entitled to notice at least ten (10) days prior to the date of the hearing.
2. The hearing was not protested.
3. Upcurve operates the wells, leases and flare facility subject to this application.
4. All of the wells are connected to gas gathering and transmission systems.
5. Upcurve sells most of the casinghead gas produced from the subject wells.
6. Occasionally, gas gathering system issues may interrupt Upcurves ability to market gas produced from its wells. These interruptions may be caused by compressor failure, pipeline capacity limitations, maintenance down-time, or other disruptive events.
7. When disruptions occur, Upcurve must either curtail all produced hydrocarbon streams or flare the casinghead gas streams. Upcurve seeks authority to flare gas on an emergency basis only.
8. Flaring the casinghead gas streams allows Upcurve to continue to produce liquid hydrocarbons from the subject wells, preventing potential waste of reserves.

9. Upcurve has obtained a prior final order to flare casinghead gas from most of the subject facilities for period of two years.
10. Upcurve requested hearings to extend the flaring authority before the administrative authority expired.

CONCLUSIONS OF LAW

1. Resolution of the subject application is a matter committed to the jurisdiction of the Railroad Commission of Texas. Tex. Nat. Res. Code § 81.051.
2. All notice requirements have been satisfied. 16 Tex. Admin. Code §§ 1.43 and 1.45.
3. Upcurve Energy, LLC has met the requirements in 16 Tex. Admin. Code § 3.32 for an exception to the limitations in that section regarding the requested authority to flare casinghead gas produced from the wells connected to the subject flare point listed in Appendix 1.
4. Upcurve 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.

EXAMINERS' RECOMMENDATION

Based on the above findings of fact and conclusions of law, the Examiners recommend the Commission enter an order approving the application as requested by Upcurve Energy, LLC.

Respectfully submitted,



Richard Eyster, P. G.
Technical Examiner



Lynn Latombe
Administrative Law Judge

Appendix 1.

Lease/Comingle No.	Permit No.	Lease/Flare Point, Name	Volume of Casinghead gas in MCF/D	Permit Start Date	Permit End Date
Comingle Permit 7905 Lease No. 48491	33164	Gambler State/Johnson 19	650	11/2/2018	11/2/2020
Lease No. 49441	35996	E. Storm State 33	1850	11/2/2018	11/2/2020
Lease No. 50195	TBD	Sunshine State 44	1500	11/2/2018	11/2/2020