

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

OIL AND GAS DOCKET NO. OG-19-00001422

**APPLICATION OF ATLANTIC RESOURCES COMPANY, LLC (036555)
(UNDERGOING NAME CHANGE TO VICTERRA ENERGY LLC) FOR AN EXCEPTION
TO STATEWIDE RULE 32 FOR VARIOUS LEASES AND WELLS, FORD, WEST
(WOLFCAMP) FIELD, REEVES COUNTY, TEXAS, DISTRICT 08**

FINAL ORDER

The Railroad Commission of Texas ("Commission") finds that after notice in the above-docketed case was provided to all parties entitled to notice, a hearing was heard on January 13, 2020, by a Commission Technical Examiner and Administrative Law Judge. This proceeding was duly submitted to the Commission at a conference held in its offices in Austin, Texas. After considering this matter, the Commission adopts the following findings of fact and conclusions of law.

Findings of Fact

1. Atlantic Resources Company, LLC ("Atlantic" or "Applicant") seeks a two-year exception to Statewide Rule 32 for six flaring points on various leases, in the Ford, West (Wolfcamp) Field, Reeves County, Texas.
2. On August 23, 2019 the Applicant, Atlantic Resources Company, LLC has undergone name change to Victerra Energy, LLC. As such, this Final Order is pertinent to Victerra Energy, LLC.
3. Atlantic submitted a request for hearing on the Statewide Rule 32 exception for flaring authority on October 9, 2019.
4. On November 4, 2019 the Hearings Division of the Commission sent a Notice of Hearing ("Notice") to Applicant and all offsetting operators in the field setting a hearing date of December 20, 2019. Consequently, the parties received more than 10 days' notice. The Notice contains (1) a statement of the time, place, and nature of the hearing; (2) a statement of the legal authority and jurisdiction under which the hearing is to be held; (3) a reference to the particular sections of the statutes and rules involved; and (4) a short and plain statement of the matters asserted. The hearing was held on January 13, 2020 as noticed. Applicant appeared and participated at the hearing. No one appeared in protest.

5. The Commission granted prior administrative exceptions to Statewide Rule 32 at rates and time periods listed below:

Previous Flare Exception Permit No.	Commingling Permit No. (if applicable)	Flare Point Name	Previous Exception Authority Type (Admin/Final Order No.)	Previous Permit End Date	Previous Maximum Flare Volume (Mcf/d)	Casinghead Gas or Gas Well Gas
31729	8743	Allman 24 6H	08-0307711	Oct. 31, 2019	3,050 Mcfd	Gas Well Gas
39774	8743	Allman 24 1H	Admin.	May 30, 2019	2,100 Mcfd	Gas Well Gas
31731	N/A	State Johnny Cash 23 2H	08-0307711	Oct. 31, 2019	2,245 Mcfd	Gas Well Gas
31781	N/A	State Muddy Waters 30 2H	08-0307711	Oct. 31, 2019	1,025 Mcfd	Gas Well Gas
31730	N/A	Orbison 28 6H	08-0307711	Oct. 31, 2019	1,200 Mcfd	Gas Well Gas
31728	N/A	Santana 29 2H	08-0307711	Oct. 31, 2019	2,785 Mcfd	Gas Well Gas
31732	N/A	State Gateway 38 2H	08-0307711	Oct. 31, 2019	2,000 Mcfd	Gas Well Gas

6. Six of the seven wells that are subject of this application have had prior Rule 32 Exception authority through the Final Order 08-0307711. The seventh well, Well No. 1H, Allman 24 Lease, began producing on March 27, 2019, and shares a common flare stack with Well No. 6H, Allman 24 Lease, pursuant to a surface commingling permit 08-8743. Atlantic is hereby requesting a flare authority for the wells under the commingling permit 08-8743.

7. In October of 2019, the last month of the production on the record prior to this hearing, the percentage of the gas flared against the total production is:

Well No.	Allman 24 1H	Allman 24 6H	State Gateway 38	State Johnny Cash 23	State Muddy Waters 30	Orbison 28	Santana 29
Flared %	1.3%	0.7%	0.1%	15.0%	1.5%	1.6%	1.1%

8. The seven wells that are subject of this application are gas wells connected to a pipeline gathering system, which includes treatment facilities for hydrogen sulfide. Applicant maintains that flaring is necessary due to intermittent system upsets, such as power outages on the electric microgrid disruptions caused by rodents and wind, compressor downtime, or plant maintenance. Shutting-in individual wells during microgrid disruptions often results in substantial variations in the hydrogen sulfide content of the gas stream within the pipeline gathering system, which can exacerbate the extent and duration of system upsets.
9. Applicant requested Statewide Rule 32 exception for flaring points, rates, and time periods listed in the Attachment A. The proposed maximum daily flare volumes are based on the highest actual daily flare rate over the past two-year period and are lower than the maximum daily flare rates previously authorized in Oil and Gas Docket No. 08-0307711.
10. Evidence submitted by Applicant shows that periodic system upsets commonly occur each month for the equivalent of five full days in the aggregate. Accordingly, the recommended maximum monthly rates for each flare point listed in Attachment A assume that flaring is necessary at the proposed maximum daily volumes for no more than the cumulative equivalent of 5 days in a month.
11. Atlantic agreed that the Final Order in this case is to be final and effective when a Master Order relating to this Final Order is signed.

Conclusions of Law

1. Proper notice was issued to persons entitled to notice. Tex. Gov't Code § 2001.051; 16 Tex. Admin. Code §§ 1.42, 1.45.
2. The Commission has jurisdiction in this case. Tex. Nat. Res. Code § 81.051.
3. Atlantic meets the requirements in Statewide Rule 32 to flare of gas well gas from flaring points, rates, and time periods listed in the Attachment A.

4. This Final Order is final and effective on the date a Master Order relating to this Final Order is signed. Tex. Gov't Code § 2001.144(a)(4)(A).

Ordering Provisions

It is **ORDERED** that Atlantic Resources Company, LLC (036555) (undergoing name change to Victerra Energy, LLC), be granted an exception to Statewide Rule 32 for the for the maximum volumes and time periods reflected in attached Attachment A and the request for flaring be **APPROVED**.

This authority is granted, provided all production is reported on the appropriate Commission forms. Atlantic shall file the Statewide Rule 32 Exception Data Sheet and, shall file at the same time, the required fee for a Statewide Rule 32 exception for each individual flare point on the leases. See 16 Tex. Admin. Code § 3.32(h)(1).

Pursuant to § 2001.144(a)(4)(A) of the Texas Government Code and the agreement of the applicant in writing or on the record, **the party has waived the right to file a motion for rehearing and the Final Order in this case is final and effective on the date the Master Order relating to the Final Order is signed.**

Signed on March 4, 2020

RAILROAD COMMISSION OF TEXAS

**(Order approved and signatures
affixed by Hearings Division's
Unprotested Master Order dated
March 4, 2020)**

ATTACHMENT A – PROPOSED FLARE EXCEPTION AUTHORITY(IES)

Previous Flare Exception Permit No.	Commingled Permit No. (if applicable)	Well No.	Exception Start Date	Exception End Date	Maximum Flare Volume (Mcf/d & Mcfm*)	Casinghead Gas or Gas Well Gas
31729	8743	Allman 24 6H	Oct. 31, 2019	Oct. 31, 2021	3,000 Mcfd	Gas Well Gas
39774	8743	Allman 24 1H			15,000 Mcfm	
31731	N/A	State Johnny Cash 23 2H	Oct. 31, 2019	Oct. 31, 2019	2,000 Mcfd 10,000 Mcfm	Gas Well Gas
31781	N/A	State Muddy Waters 30 2H	Oct. 31, 2019	Oct. 31, 2019	1,000 Mcfd 5,000 Mcfm	Gas Well Gas
31730	N/A	Orbison 28 6H	Oct. 31, 2019	Oct. 31, 2019	1,000 Mcfd 5,000 Mcfm	Gas Well Gas
31728	N/A	Santana 29 2H	Oct. 31, 2019	Oct. 31, 2019	1,200 Mcfd 6,000 Mcfm	Gas Well Gas
31732	N/A	State Gateway 38 2H	Oct. 31, 2019	Oct. 31, 2019	300 Mcfd 1,500 Mcfm	Gas Well Gas

*Mcfm – Thousand cubic feet per month