

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

OIL AND GAS DOCKET NO. 08-0319129

**APPLICATION OF CAPITAN ENERGY, INCORPORATED (130061) FOR AN
EXCEPTION TO STATEWIDE RULE 32 FOR VARIOUS WELLS, FORD, WEST
(WOLFCAMP) FIELD, CULBERSON AND REEVES COUNTIES, TEXAS**

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 September 26, 2019, 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. Capitan Energy, Incorporated ("Capitan" or "Applicant") seeks an exception to Statewide Rule 32 ("Statewide Rule 32") for authority to flare maximum daily volumes ranging from 777 thousand cubic feet per day ("Mcf/d") to 6,291 Mcf/d, limited to corresponding maximum monthly volumes ranging from 3,885 thousand cubic feet per month ("Mcfm") to 31,455 Mcfm, from eighteen (18) individual flare points in the Ford, West (Wolfcamp) Field, Culberson and Reeves Counties, Texas. The respective flare point volumes and proposed expiration dates are listed in Attachment A.
2. Capitan submitted a request for hearing on the Statewide Rule 32 flaring exception for five (5) wells on March 22, 2019. On April 8, 2019, Capitan submitted a request to add two (2) additional wells to the hearing. On June 13, 2019, Capitan submitted a request to add ten (10) additional wells to the hearing. On June 28, 2019, Capitan submitted a request to add one (1) additional well to the hearing.
3. Capitan was previously granted an administrative exception to Statewide Rule 32 to flare gas well gas from ten (10) wells due to restrictions in the gas sales line. These 10 administrative exceptions expired on dates ranging from April 21, 2019 to August 29, 2019.
4. On July 2, 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 July 23, 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 July 23, 2019 as noticed. Applicant appeared and requested a postponement. No one appeared in protest and the hearing was postponed until September 27, 2019. No one appeared in protest at the September 27, 2019 hearing.

5. Capitan seeks the Statewide Rule 32 flaring exceptions due to intake capacity restriction on the gas sales line.
6. During events of periodic and partial curtailment on the Eagle Claw Midstream ("Eagle Claw") gathering system, the curtailed volumes of produced gas well gas from the leases are diverted to the eighteen (18) flare points for combustion disposal.
7. The requested Statewide Rule 32 exceptions to flare gas well gas is necessary for Capitan to produce the recoverable hydrocarbons during periods of temporary system upsets.
8. At the hearing, Capitan agreed on the record that the Final Order in this docketed 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. *See, e.g.,* Tex. Gov't Code § 2001.051; 16 Tex. Admin. Code §§ 1.42, 1.45.
2. The Commission has jurisdiction in this case. *See, e.g.,* Tex. Nat. Res. Code § 81.051.
3. Statewide Rule 32 requires gas to be utilized for purposes and uses authorized by law unless excepted by law. 16 Tex. Admin. Code § 3.32(b).
4. Statewide Rule 32 provides exceptions allowing the flaring of gas if certain requirements are met and the flaring is necessary. *See, e.g.,* 16 Tex. Admin. Code § 3.32(f), (h).
5. Capitan meets the requirements in Statewide Rule 32 to flare gas well gas for the maximum amount listed in Attachment A, and the flaring of such gas is necessary.
6. 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.

Ordering Provisions

It is **ORDERED** that Capitan Energy, Incorporated (130061), Inc. be **GRANTED** a two-year exception to Statewide Rule 32. The request for authority to flare from the eighteen (18) flare points, for the dates specified, in the Ford, West (Wolfcamp) Field, identified in Attachment A, is **APPROVED**.

This authority is granted, provided all production is reported on the appropriate Commission forms. Capitan 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 Lease. 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 parties in writing or on the record, **the parties have 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 November 19, 2019

RAILROAD COMMISSION OF TEXAS

(Order approved and signatures affixed by
Hearings Division's Unprotested Master
Order dated November 19, 2019)

ATTACHMENT A – FLARE EXCEPTION AUTHORITY

Flare Permit	Commingle Permit No.	Flare Point	Well No.	Permit Start Date	Permit End Date	Casinghead or Gas Well Gas	Maximum Daily Flare Volume (MCFD)	Maximum Monthly Flare Volume (MCFM)
29480	NA	W A State	1H	7/15/2019	7/15/2021	gas well gas	2,148	10,740
19760	NA	Ava State 36	1H	7/16/2019	7/16/2021	gas well gas	777	3,885
29956	NA	W A State	5H	7/24/2019	7/24/2021	gas well gas	1,582	7,910
30420	NA	Pat Fee 4	2H	7/30/2019	7/30/2021	gas well gas	1,207	6,035
30419	NA	Cliff Fee 4	2H	7/30/2019	7/30/2021	gas well gas	1,978	9,890
30418	NA	J. S. Blair Fee 2	2H	8/3/2019	8/3/2021	gas well gas	1,965	9,825
31161	NA	State Ray 12	1H	9/17/2019	9/17/2021	gas well gas	1,584	7,920
31160	NA	State Ray 12	2H	9/13/2019	9/13/2021	gas well gas	1,029	5,145
37002	NA	Alice Fee 34	3H	4/21/2019	4/21/2021	gas well gas	1,810	9,050
37003	NA	Alice Fee 34	4H	4/21/2019	4/21/2021	gas well gas	1,971	9,855
37842	NA	Ava State 36	3H	5/11/2019	5/11/2021	gas well gas	2,113	10,565
37841	NA	Ava State 36	4H	5/10/2019	5/10/2021	gas well gas	4,241	21,205
37843	NA	Ava State 36	5H	5/13/2019	5/13/2021	gas well gas	2,272	11,360
38956	NA	W. A. State	6H	5/30/2019	5/30/2021	gas well gas	6,291	31,455
38957	NA	W. A. State	7H	6/4/2019	6/4/2021	gas well gas	5,136	25,680
39623	NA	Roxanne Fee 46	3H	7/31/2019	7/31/2021	gas well gas	2,082	10,410
39624	NA	Roxanne Fee 46	4H	8/1/2019	8/1/2021	gas well gas	2,012	10,060
40040	NA	State Judy 3	1H	8/29/2019	8/29/2021	gas well gas	3,167	15,835

Note: **McfD = Thousand Cubic Feet Per Day**

Mcfm = Thousand Cubic Feet Per Month