



# RAILROAD COMMISSION OF TEXAS

## HEARINGS DIVISION

**OIL AND GAS DOCKET NO. 08-0299697**

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**THE APPLICATION OF ROSETTA RESOURCES OPERATING LP FOR AN EXCEPTION TO STATEWIDE RULE 32 FOR THE BLACK JACK 16 LEASE, WOLFBONE (TREND AREA) FIELD, REEVES COUNTY, TEXAS**

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**HEARD BY:** Karl Caldwell – Technical Examiner  
Marshall Enquist – Administrative Law Judge

**HEARING DATE:** April 7, 2016  
**CONFERENCE DATE:** May 3, 2016

**APPEARANCES:**

**APPLICANT:**

Kelli Kenney  
Jason Munson  
Melissa Flack  
Lindsay Rodriguez  
Vickie Frederick

**REPRESENTING:**

Rosetta Resources Operating LP

### EXAMINERS' REPORT AND RECOMMENDATION

#### STATEMENT OF THE CASE

Rosetta Resources Operating LP ("Rosetta") requests an exception to Statewide Rule 32 for the Black Jack 16 Lease, Wolfbone (Trend Area) Field, Reeves County, Texas. Rosetta's request is to flare a maximum volume of 2,300 Mcf per day for a period of two years. The application is unopposed and the Examiners recommend approval of an exception to Statewide Rule 32.

#### 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(i) provides for renewal and amendment of exceptions. For the subject application, Rosetta was granted Permit No. 20792, effective December 1, 2014 for the Black Jack 16 Lease (Lease No. 08-45553) to flare casinghead gas. The maximum period of time that an exception to Statewide Rule 32 may be granted administratively for volumes greater than 50 Mcf per day is 180 days. As of March 1, 2015, Rosetta had flared casinghead gas in volumes greater than 50 Mcf for a total of 43 days. The Black Jack 16 Lease is tied into the Pecos River Gathering System, operated by Energy Transfer (Regency). However, flaring is necessary at times as a result of system upsets and plant issues.

The Commission received a request for hearing for an exception to Statewide Rule 32 on February 10, 2016. Rosetta is requesting to flare a maximum of 2,300 Mcf per day for a period of 2 years, from February 10, 2016 to February 10, 2018, due to system upsets and plant upsets with the Energy Transfer/Regency gathering system in the area. Rosetta's representative stated that there is no issue with the order being issued with an effective start date of February 10, 2016. Rosetta's representative stated that the entire 180 day maximum administrative time period had not been used as of the hearing date.

Rosetta requests to flare a maximum volume of 2,300 Mcf per day, as there are currently four wells completed on the Black Jack 16 Lease, with a fifth well expected to be completed in June 2016. Existing wells on the Black Jack 16 Lease have produced between 1,305 Mcf and 1,993 Mcf of gas on initial potential tests. The Black Jack 16 Lease, Well Nos. 1H, 2H, and 3H all share a common facility, while the Black Jack 16 Lease, Well No. 8H is connected to a separate facility. Both of these facilities tie into the Energy Transfer trunk line. The Black Jack 16 Lease is located directly below Energy Transfer's Birds of Prey compressor station. The line, compression station, and the Waha Plant are currently operating near maximum capacity. Arrowhead is a proposed new plant that is estimated to be on line by the end of 2017. The Arrowhead plant is expected to help alleviate some of the over capacity issues Energy Transfer is experiencing in the area. The Black Jack 16 Lease is in the same area, with the same set of conditions described in Oil and Gas Docket No. 08-0298756, which was granted an exception to Statewide Rule 32 for a volume of 2,000 Mcf per day for a period of two years.

#### **FINDINGS OF FACT**

1. Proper notice of this hearing was given to offset operators at least ten days prior to the date of hearing. There were no protests to the application.
2. The wells on the Black Jack 16 Lease are completed in the Wolfbone (Trend Area) Field in Reeves County Texas.

3. The Black Jack 16 Lease is tied into the Pecos River Gathering System, operated by Energy Transfer (Regency). Flaring is necessary at times as a result of system upsets and plant issues.
4. Rosetta received flare permit No. 20792 for the Black Jack 16 Lease.
5. Existing wells on the Black Jack 16 Lease have produced between 1,305 Mcf and 1,993 Mcf of gas on initial potential tests.
6. Rosetta is request to flare a maximum flare volume of 2,300 Mcf per day, as there are currently four wells completed on the Black Jack 16 Lease, with a fifth well expected to be completed in June 2016.
7. Rosetta is requesting an exception to Statewide Rule 32 for a period of two years, from February 10<sup>th</sup> 2016 through February 10<sup>th</sup> 2018, due to system upsets and plant upsets.

#### CONCLUSIONS OF LAW

1. Proper notice was issued as required by all applicable statutes and regulatory codes.
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 Title 16, Texas Administrative Code 3.32(h).

#### EXAMINERS' RECOMMENDATION

Based on the above findings of fact and conclusions of law, the Examiners recommend that the Commission grant the request by Rosetta Resources Operating LP for an exception to Statewide Rule 32 for the Black Jack 16 Lease. The exception is granted to flare a maximum volume of 2,300 Mcf per day of casinghead gas from February 10, 2016, through February 10, 2018.

Respectfully submitted,



Karl Caldwell  
Technical Examiner



Marshall Enquist  
Administrative Law Judge