



# RAILROAD COMMISSION OF TEXAS

## HEARINGS DIVISION

**OIL AND GAS DOCKET NO. 8A-0300103**

---

**THE APPLICATION OF RILEY EXPLORATION OPG CO, LLC FOR AN EXCEPTION TO STATEWIDE RULE 32 FOR THE CLEVELAND A 601 BATTERY, WELL NOS. 1H AND 4H; DOUBLE DOWN 602-643 BATTERY, WELL NOS. 2XH AND 4XH; PLATANG (SAN ANDRES) FIELD, YOAKUM COUNTY, TEXAS**

---

**HEARD BY:** Paul Dubois – Technical Examiner  
Jennifer Cook – Administrative Law Judge  
**PREPARED BY:** Brian Fancher, P.G. – Technical Examiner  
**HEARING DATE:** May 18, 2016  
**SUBMISSION DATE:** August 26, 2016  
**CONFERENCE DATE:** September 12, 2016

**APPEARANCES:** **REPRESENTING:**

**APPLICANT:**

Dale Miller  
Harold Atkinson, Jr.  
Laura Winkler

Riley Exploration OPG Co, LLC

### EXAMINERS' REPORT AND RECOMMENDATION

#### STATEMENT OF THE CASE

Pursuant to 16 Tex. Admin. Code §3.32, Riley Exploration OPG Co, LLC (Riley) seeks an exception to flare casinghead gas from the Platang (San Andres) Field (Field) through its Cleveland A 601 Battery, Well Nos. 1H and 4H (Cleveland 1H and 4H), and Double Down 602-643 Battery, Well Nos. 2XH and 4XH (DD 2XH and 4XH) (collectively, Subject Wells). Riley's requested relief is to flare casinghead gas handled by the tank batteries for the Subject Wells from a single flare point. Collectively, Riley seeks authority to flare up to 2,000 MCFG per day for one year, effective April 29, 2016 through April 28, 2017. The application is unopposed. The Technical Examiner and ALJ (Examiners) recommend that it be approved.

## DISCUSSION OF THE EVIDENCE

### Applicable Rule

16 Tex. Admin. Code §3.32 (SWR 32) governs flaring of natural gas produced under the jurisdiction of the Railroad Commission. Titled "Exceptions," SWR 32(h) states:

Requests for exceptions for more than 180-days and for volumes greater than 50 mcf of hydrocarbon gas per day shall be granted only in a final order signed by the commission.

### Application Background

Dale Miller, consulting petroleum engineer, testified on behalf of Riley. Notice of hearing for the subject application was sent by U.S. mail directed to operators of record that immediately offset the Cleveland A 601 Lease and Double Down 602-643 Lease, as well as the Oil & Gas Division on April 15, 2016.

The Subject Wells were completed on the dates as follows:

1. Cleveland 1H (API No. 42-501-36438) – August 24, 2015;
2. Cleveland 4H (API No. 42-501-36599) – November 20, 2015;
3. DD 2XH (API No. 42-501-36607) – December 1, 2015;
4. DD 4XH (API No. 42-501-36642) – April 12, 2016.

The Cleveland 1H and 4H were tested for initial potential on January 18, 2016. That test resulted in the following, respectively: (1) 356 barrels of oil (BO), 371 MCFG, and 1,761 barrels of water (BW); and (2) 470 BO, 241 MCFG, and 1,510 BW. After its initial potential test on April 5, 2016, the DD 2XH resulted in 337 BO, 329 MCFG, and 3,328 BW. No test data was submitted for the DD 4XH.<sup>1</sup>

Riley submitted a table to show the monthly production from the Cleveland A 601 Lease (Lease ID No. 8A-70474) (Cleveland Lease) and the Double Down 602-643 Lease (Lease ID No. 8A-70446) (DD Lease).<sup>2</sup> That table indicates that Riley produced a total of 55,957 BO and 87,773 MCFG from the Cleveland Lease between November 2015 and March 2016, and 5,380 BO and 26,030 MCFG from the DD Lease between December 2015 and March 2016. Mr. Miller testified that all of that gas was flared.<sup>3</sup>

The Subject Wells were administratively granted authority to flare casinghead gas for 180 days as follows:<sup>4</sup>

1. Cleveland 1H – 500 MCFG per day, effective October 20, 2015 to April 18, 2016 (Flare Permit No. 24379);

---

<sup>1</sup> Riley Exh. No. 2.

<sup>2</sup> Riley Exh. No. 4.

<sup>3</sup> Testimony at 10:15.

<sup>4</sup> Riley Exh. No. 6

2. Cleveland 4H – 500 MCFG per day, effective October 21, 2015 to April 19, 2016 (Flare Permit No. 24478);
3. DD 2XH – 500 MCFG per day, effective October 30, 2015 to April 28, 2016;
4. No data was submitted for the DD 4XH.

Riley timely submitted its hearing request for the subject application on March 30, 2016.<sup>5</sup>

Riley submitted a plat to show the geographic relationship between its proposed pipeline easement and the nearest gas sales pipeline.<sup>6</sup> That pipeline easement is positioned near the Cleveland Lease's surface facility, and it is located between the Cleveland 1H and 4H in Section 601.<sup>7</sup>

### Applicant's Argument

Riley submitted a sample Statewide Rule 32 Exception Data Sheet to reflect its relief sought in the immediate case.<sup>8</sup> Riley seeks authority to flare up to 2,000 MCF of casing-head gas from the Subject Wells at the above mentioned flare point for one year, effective April 29, 2016. That data sheet also indicates the maximum volume of hydrogen-sulfide produced within that casing-head gas to be 19,000 parts per million.

Riley's requested relief is for a single flare point – Flare Permit No. 24379.<sup>9</sup> Mr. Miller indicated that a contract was signed between Riley and Targa Resources, effective May 1, 2016, to sell the casing-head gas produced by the Subject Wells to market.<sup>10</sup> Riley anticipates that Targa will obtain a right-of-way in the near future so that a gas transmission line can be laid from the Cleveland Lease's surface facility to Targa's above mentioned gas market pipeline. Riley requests that its relief be granted so that the Subject Wells may continue to produce uninterrupted until that gas transmission line is operational.

### Examiners' Opinion

The Examiners find that Riley has met its burden of proof to show that its requested relief is necessary.<sup>11</sup>

## **FINDINGS OF FACT**

1. Riley Exploration OPG Co, LLC (Riley) seeks an exception to flare up to 2,000 MCF of casinghead gas per day (MCFGD) from the Platang (San Andres) Field (Field) through its Cleveland A 601 Battery, Yoakum County, Texas (Subject Application).

---

<sup>5</sup> Riley Exh. No. 7.

<sup>6</sup> Riley Exh. No. 8.

<sup>7</sup> Testimony at 13:30.

<sup>8</sup> Riley Exh. No. 9.

<sup>9</sup> Testimony at 12:45.

<sup>10</sup> Testimony at 16:20.

<sup>11</sup> 16 Tex. Admin. Code §§3.32(f)(2) and 32(h).

2. Notice of hearing for the subject application was sent by U.S. mail directed to operators of record that immediately offset the Cleveland A 601 Lease and Double down 602-643 Lease, as well as the Oil & Gas Division on April 15, 2016.
3. Riley was the only party who appeared at the hearing held for the Subject Application.
4. Production from the Cleveland A 601 Lease (Cleveland Lease), Well Nos. 1H and 4H (Cleveland 1H and 4H), and Double Down 602-643 Battery, Well Nos. 2XH and 4XH (DD 2XH and 4XH) (collectively, Subject Wells) is handled by the surface facility for the Cleveland Lease.
5. The Subject Wells were completed on the dates as follows:
  - a. Cleveland 1H (API No. 42-501-36438) – August 24, 2015;
  - b. Cleveland 4H (API No. 42-501-36599) – November 20, 2015;
  - c. DD 2XH (API No. 42-501-36607) – December 1, 2015;
  - d. DD 4XH (API No. 42-501-36642) – April 12, 2016.
6. The Cleveland 1H and 4H were tested for initial potential on January 18, 2016. That test resulted in the following, respectively: (1) 356 barrels of oil (BO), 371 MCFG, and 1,761 barrels of water (BW); and (2) 470 BO, 241 MCFG, and 1,510 BW.
7. After its initial potential test on April 5, 2016, the DD 2XH resulted in 337 BO, 329 MCFG, and 3,328 BW.
8. No initial potential test data was provided by Riley for the DD 4XH.
9. Riley received administrative authority to flare up to 500 MCFG of casinghead gas for the Cleveland 1H, Cleveland 4H, and DD 2XH for 180 days from the Oil and Gas Division.
10. Riley timely submitted its request for a hearing on the Subject Application.
11. Riley seeks to flare up to 2,000 MCF of casing-head gas from the Subject Wells at a single flare point located at the Cleveland Lease's surface facility for one year, effective April 29, 2016.
12. Approval of the subject application is reasonable, and in accordance with 16 Tex. Admin. Code §3.32(h).

### 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. Legally sufficient notice has been provided to all affected persons.

3. The requested authority to flare up to 2,000 MCFGD from one flare stack (MCFGD represents 1,000 cubic feet of gas per day) for one year, effective April 29, 2016, satisfies the requirements of 16 Tex. Admin. Code §3.32.

**EXAMINERS' RECOMMENDATION**

The Examiners recommend that the Commission grant Riley Exploration OPG Co, LLC an exception to flare up to 2,000 MCFGD from the Field through the Subject Wells from one flare stack for one year, effective April 29, 2016.

Respectfully submitted,



Brian Fancher, P.G.  
Technical Examiner



Jennifer Cook  
Administrative Law Judge