



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL & GAS DOCKET NO. 02-0304782

THE APPLICATION OF MATADOR PRODUCTION COMPANY FOR AN EXCEPTION TO STATEWIDE RULE 32 FOR THE DANYSH TB FACILITY, COMMINGLE PERMIT NO. 5920, EAGLEVILLE (EAGLE FORD-2) FIELD, KARNES COUNTY, TEXAS

HEARD BY: Peggy Laird, P.G. – Technical Examiner
Jennifer Cook – Administrative Law Judge

HEARING DATE: November 2, 2017

CONFERENCE DATE: February 13, 2018

APPEARANCES:

REPRESENTING:

APPLICANT:

Davin McGinnis
Glenn Stetson

Matador Production Company

EXAMINERS' REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Matador Production Company ("Matador") seeks an exception to 16 Tex. Admin. Code §3.32 ("Statewide Rule 32") for the Danysh TB Facility ("Danysh"), Commingle Permit No. 5920, Eagleville (Eagle Ford-2) Field, Karnes County, Texas. Matador seeks authority to flare up to 2,000 MCF of casinghead gas per month ("MCFM") for two years from April 15, 2017 through April 14, 2019, from a single flare point located at the Danysh. All offset operators in the subject field were notified of the hearing. No objections were filed, and no protestants appeared at the hearing. The Technical Examiner and Administrative Law Judge (collectively, "Examiners") recommend approval of the exception to Statewide Rule 32.

DISCUSSION OF THE EVIDENCE

Mr. Glenn Stetson testified as an expert in petroleum engineering on behalf of Matador. Mr. Stetson is a Team Lead with Matador whose responsibilities include post-production, operation, and maintenance of wells in Karnes County.

Statewide Rule 32 governs the utilization for legal purposes of natural gas produced under the jurisdiction of the Railroad Commission. Matador seeks relief in the captioned docket pursuant to Statewide Rule 32(f)(2)(D), as follows:

The commission or the commission's delegate may administratively grant or renew an exception to the requirements of limitations of this subsection subject to the requirements of subsection (h)... if the operator of a well or production facility presents information to show the necessity for the release...

Statewide Rule 32(h)(4) 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.

Because Matador requests an exception for more than 180 days and to flare more than 50 mcf of casinghead gas per day, the procedure to address Matador's request for an exception is through a hearing resulting in a final order signed by the Commission.

Matador had been granted administrative authority (Permit No. 22130) allowing them to periodically flare various daily volumes from the Danysh between May 19, 2015 and April 14, 2017. Seven wells are on the Matador Danysh Orca Lease where the Danysh TB Facility is physically located. Eight wells on adjacent leases are connected to the Danysh, and all fifteen wells utilize the subject flare point pursuant to Commingling Permit Number 5920. The subject leases for these wells are listed below.

Matador Danysh Orca	Lease No. 10159
Bishop Brogan SA 1 1H	Lease No. 11169
Bishop Brogan SA 2 2H	Lease No. 11150
Bishop Brogan SA 3 3H	Lease No. 11151
Bishop Brogan SA 4 4H	Lease No. 11152
Bishop Brogan SA 5 5H	Lease No. 11153
Bishop Brogan SA 6 6H	Lease No. 11149
Bishop Brogan SA 7 7H	Lease No. 11154
Bishop Brogan SA 8 8H	Lease No. 11155

All the wells on the subject leases are connected to sales. Infrequent and unforeseen repairs and maintenance on the gathering system, compressors, and other downstream production handling facilities require Matador to periodically flare gas from the subject leases to avoid shutting in the wells. These needs are unpredictable in time, duration, and volume. Therefore, Matador requests that it be granted flexibility in flaring casinghead gas by allowing a monthly volume limitation as opposed to a daily volume limitation. Matador considers a monthly volume limitation will provide greater ability to adhere to the Commission requirements.

FINDINGS OF FACT

1. Notice of this hearing was given to all parties entitled to notice at least ten days prior to the date of the hearing.
2. Matador received administrative authority (Permit No. 22130) allowing them to periodically flare various daily volumes from the Danysh between May 19, 2015 and April 14, 2017.

3. Fifteen wells on various leases utilize the Danysh single flare point pursuant to Commingling Permit Number 5920.
4. On March 24, 2017, Matador requested a hearing to obtain continued authority to flare gas from the leases connected to the Danysh.
5. Matador demonstrated that day-to-day fluctuations in flaring requirements justify the issuance of a monthly, rather than daily, flare volume authority for the Danysh.
6. Matador requests a two-year exception from April 15, 2017 through April 14, 2019, to flare up to 2,000 MCFM from the Danysh single flare point.
7. The requested flaring authority will allow uninterrupted production from the wells.
8. At the hearing, the applicant agreed on the record that the Final Order in this case is to be effective when the Master Order is signed.

CONCLUSIONS OF LAW

1. All things have occurred and been accomplished to give the Commission jurisdiction in this matter. Tex. Nat. Res. Code § 81.051.
2. All notice requirements have been satisfied. 16 Tex. Admin. Code §§ 1.42.
3. The requested exception to flare casinghead gas meets the requirements of Statewide Rule 32. 16 Tex. Admin. Code § 3.32 (h).
4. Pursuant to §2001.144(a)(4)(A) of the Texas Government Code and the agreement of the applicant, the Final Order is effective when a Master Order relating to the Final Order is signed on February 13, 2018.

EXAMINERS' RECOMMENDATION

The Examiners recommend approval of the application of Matador Production Company for an exception to Statewide Rule 32 for the Danysh TB Facility, Commingling Permit No. 5920, Eagleville (Eagle Ford-2) Field, Karnes County, Texas.

Respectfully submitted,



Peggy Laird, P.G.
Technical Examiner



Jennifer Cook
Administrative Law Judge