

CHRISTI CRADDICK, *CHAIRMAN*
RYAN SITTON, *COMMISSIONER*
WAYNE CHRISTIAN, *COMMISSIONER*



DANA AVANT LEWIS, *DIRECTOR*

RAILROAD COMMISSION OF TEXAS HEARINGS DIVISION

OIL AND GAS DOCKET NO. 08-0317673

APPLICATION OF WPX ENERGY PERMIAN, LLC (942623) FOR AN EXCEPTION TO STATEWIDE RULE 32 FOR THE HATTIE 3 CENTRAL FLARE POINT, PHANTOM (WOLFCAMP) FIELD, REEVES COUNTY, TEXAS

HEARD BY: John L. Moore – Technical Examiner
Kristi M. Reeve – Administrative Law Judge

HEARING DATE: March 26, 2019
RECORD CLOSED: March 27, 2019
CONFERENCE DATE: April 23, 2019

APPEARANCES:

Bill G. Spencer, Consultant
James M. Clark, P.E.

REPRESENTING:

WPX Energy Permian, LLC

EXAMINERS' REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

WPX Energy Permian, LLC (942632) ("WPX") seeks a two-year Statewide Rule ("SWR") 32 exception authority to flare a maximum of 1,800 thousand cubic feet per day ("Mcf") of gas well gas for the period March 2, 2019 to March 2, 2021 at the Hattie 3 Central Flare Point (Commingling Permit No. 8684) ("Commingling Battery"), Phantom (Wolfcamp) Field, Reeves County, Texas. WPX was granted an administrative SWR 32 exception authority (Flare Permit No. 34344), terminating March 1, 2019. Having exhausted its administrative recourse, WPX now comes before the Commission requesting consideration of a two-year SWR 32 exception authority. The gas from the Commingling Battery is gathered and purchased by Energy Transfer Company and there is not always line capacity to take the Commingling Battery gas, resulting in approximately 8.1% Mcf equivalent of production being flared. The flaring exception authorization is a measure to ensure legal disposition of all gas produced from the Commingling Battery.

WPX submitted its SWR 32 exception authority request for hearing on January 22, 2019, well before the administrative permit's expiration. Proper notice of the docket hearing was sent to the offset operators and the application is unopposed. The Technical Examiner and Administrative Law Judge (collectively, "Examiners") recommend approval of the application.

DISCUSSION OF THE EVIDENCE

SWR 32 governs the utilization for legal purposes of natural gas produced under the jurisdiction of the Railroad Commission. Specifically, SWR 32(h) provides that an exception to flare natural gas in volumes greater than 50 MCFD may be granted administratively for a period up to 180 days. SWR 32(j), *Opportunity for Hearing*, states that an operator may request a hearing on any application for an exception or exception renewal required by this section. Beyond that, SWR 32(h) provides that exceptions shall be granted only in a final order signed by the Commission.

WPX seeks a two-year SWR 32 exception authority to flare 1,800 Mcfd of gas well gas from March 2, 2019 to March 2, 2021, from the Commingling Battery, Phantom (Wolfcamp) Field, Reeves County, Texas (see Attachment A).

WPX was granted an administrative SWR 32 exception authority (Flare Permit No. 34344), terminating March 1, 2019 (see Attachment B). Having exhausted its administrative recourse, WPX now comes before the Commission requesting consideration of a two-year SWR 32 exception authority.

The gas from the Commingling Battery is gathered and purchased by Energy Transfer Company and there is not always line capacity to take the Commingling Battery gas, resulting in approximately 8.1% Mcf equivalent of production being flared. The flaring exception authorization is a measure to ensure legal disposition of all gas produced from the Commingling Battery. WPX submitted its SWR 32 exception authority request for hearing on January 22, 2019, well before the administrative permit's expiration.

WPX agreed that pursuant to the provisions of Texas Government Code §2001.144(a)(4)(A), this Final Order shall be final and effective on the date a Master Order relating to this Final Order is signed.

FINDINGS OF FACT

1. Proper notice of this hearing was provided to all offset operators and no protests were received.

2. WPX was granted an administrative SWR 32 exception authority (Flare Permit No. 34344), terminating March 1, 2019.
3. WPX seeks a two-year SWR 32 exception authority to flare a maximum of 1,800 Mcfd of gas well gas from March 2, 2019 to March 2, 2021 from the Commingling Battery, Phantom (Wolfcamp) Field, Reeves County, Texas.
4. The gas from the Commingling Battery is gathered and purchased by Energy Transfer Company and there is not always line capacity to take the Commingling Battery gas, resulting in approximately 8.1% Mcf equivalent of production being flared.
5. WPX submitted it's SWR 32 exception authority request for hearing on January 22, 2019.
6. Continued Commission authority to flare gas from the Commingling Battery will allow WPX to produce hydrocarbon liquids and gas and thereby reduce waste and harm to the producing reservoir.
7. The Commission's SWR 32 exception authority to flare gas is a measure to ensure legal disposition of all gas from the Commingling Battery.
8. In the hearing, WPX agreed on the record that the Final Order in this docket, if not adverse, is to be effective when the Master order is signed.

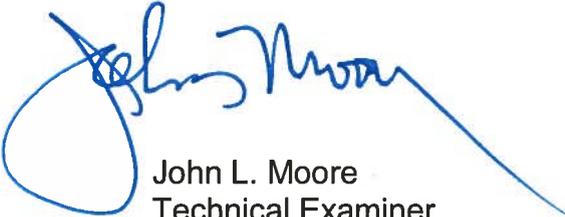
CONCLUSIONS OF LAW

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. Title 16, Texas Administrative Code 3.32(h) provides for SWR 32 exception authority.
4. WPX on the record agree that, 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.

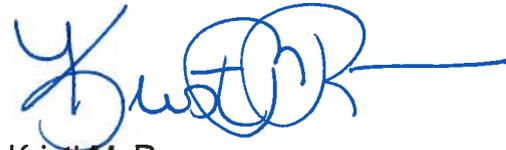
EXAMINERS' RECOMMENDATION

Based on the above findings of fact and conclusions of law, the Examiners recommend that the Commission grant WPX Energy Permian, LLC's request for a two-year Statewide Rule 32 exception authority to flare a maximum of 1,800 Mcfd of gas well gas from March 2, 2019 to March 2, 2021 at the Hattie 3 Central Flare Point (Commingling Permit No. 8684), Phantom (Wolfcamp) Field, Reeves County, Texas.

Respectfully submitted,



John L. Moore
Technical Examiner



Kristi M. Reeve
Administrative Law Judge

ATTACHMENT A – PROPOSED FLARE EXCEPTION AUTHORITY

Permit No.	Commingle Permit No. (If Applicable)	Flare Point Name	Permit Start Date (1)	Permit End Date	Proposed Maximum Flare Volume (Mcf/d)	Casinghead Gas or Gas Well Gas
34344	8684	HATTIE 3 CENTRAL FLARE POINT	MARCH 2, 2019	MARCH 2, 2021	1,800	Gas Well Gas

Note: Mcfd = Thousand Cubic Feet Per Day

ATTACHMENT B – ALL PREVIOUSLY APPROVED FLARE EXCEPTION AUTHORITY(IES)

Previous Flare Exception Permit No.	Commingle Permit No. (if applicable)	Flare Point Name	Previous Exception Authority Type (Admin. or Final Order No.)	Previous Permit End Date	Previous Maximum Flare Volume (Mcf)	Casinghead Gas or Gas Well Gas
34344	N/A	Hattie 3 No. 1H	Admin.	August 29, 2018	5,000	Gas Well Gas
34344	8684	Hattie 3 Central Flare Point	Admin.	March 1, 2019	1,800	Gas Well Gas

Note: Mcfd = Thousand Cubic Feet Per Day