

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

OIL AND GAS DOCKET NO. 8A-0318196

APPLICATION OF WINDY COVE ENERGY II, LLC (931787) FOR AN EXCEPTION TO STATEWIDE RULE 32 FOR THE SAPPHIRE FACILITY (70806) LEASE, PLATANG (SAN ANDRES) FIELD (71823666), COCHRAN COUNTY, 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 April 8, 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. Windy Cove Energy II, LLC ("Windy Cove" or "Applicant") seeks a two-year exception to Statewide Rule 32 ("Statewide Rule 32") for authority to flare a maximum of 120 thousand cubic feet per day ("Mcf") of casinghead gas from February 12, 2019, to February 11, 2021, from a single flare point for the Sapphire Facility (70806) Lease ("Lease"), in the Platang (San Andres) Field, Cochran County, Texas.
2. Windy Cove submitted a request for hearing on the Statewide Rule 32 exception flaring authority request on February 8, 2019.
3. Windy Cove was previously granted an administrative exception to Statewide Rule 32 to flare a maximum casinghead gas volume of 155 Mcfd from the Lease. This administrative flaring authority (Permit No. 36022) expired on February 11, 2019.
4. On March 31, 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 April 8, 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 April 8, as noticed. Applicant appeared and participated at the hearing. No one appeared in protest.

5. The nearest gas pipeline, operated by Targa Resources Partners, LP, is approximately eight (8) miles from the Lease.
6. The cost to connect to the Targa gas pipeline, is estimated to be \$1,045,000 which exceeds the net of gas revenue of -\$4,827 from the Lease remaining reserves over a five-year period, making it uneconomical to construct a pipeline from the Lease to the Targa pipeline.
7. A gas pipeline to take the Lease casinghead gas is unavailable.
8. Based on a production decline curve, the estimated volume of casinghead gas to be flared would be a maximum of 120 Mcfd.
9. The requested Statewide Rule 32 exception to flare a maximum of 120 Mcfd of casinghead gas is necessary for Windy Cove to produce the recoverable oil from the Lease.
10. At the hearing, Windy Cove 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 authorized. 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. Windy Cove has met the requirements in Statewide Rule 32 to flare a maximum of 120 Mcfd of casinghead gas 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 Windy Cove Energy II, LLC (931787), Inc. is granted a two-year exception to Statewide Rule 32. Its request for authority to flare a maximum of 120 Mcfd, limited to 3,600 Mcf per month, of casinghead gas from the Lease from February 12, 2019 to February 11, 2021, as reflected in attached Attachment A is **APPROVED**.

This authority is granted, provided all production is reported on the appropriate Commission forms. Windy Cove 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 June 18, 2019

RAILROAD COMMISSION OF TEXAS

**(Order approved and signatures affixed by
Hearings Division's Unprotested Master
Order dated June 18, 2019)**

ATTACHMENT A – FLARE EXCEPTION AUTHORITY

Permit No.	Commingle Permit No. (If Applicable)	Lease Name, Individual Flare Stacks	Permit Start Date	Permit End Date	Maximum Flare Volume (Mcf & Mcfm)	Casinghead Gas or Gas Well Gas
36022	N/A	Sapphire Facility (70806)	February 12, 2019	February 11, 2021	120 Mcfd 3,600 Mcfm	Casinghead Gas

Note: **Mcf** = Thousand Cubic Feet Per Day
 Mcfm = Thousand Cubic Feet Per Month