

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

OIL AND GAS DOCKET NO. 08-0316572

APPLICATION OF CITATION OIL & GAS CORPORATION (154235) FOR AN EXCEPTION TO STATEWIDE RULE 32 FOR VARIOUS LEASES, DIMMITT (DELAWARE CONS.) FIELD, LOVING 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 March 15, 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. Citation Oil & Gas Corporation ("Citation" or "Applicant") seeks a two-year exception to Statewide Rule 32 ("SWR 32") to flare casinghead gas from leases and associated flare points in the Dimmitt (Delaware Cons) Field (Field No. 24853600), Loving County, Texas, as identified in Attachment A.
2. Citation submitted a request for hearing on the SWR 32 exception flaring authority request on November 23, 2018.
3. Citation was previously granted an administrative exception to SWR 32 to flare casinghead gas for the following leases/flare point in the Dimmitt (Delaware Cons.) Field:
 - a. TXL 13 Lease (08-38267). The administrative flaring authority (Permit No. 35032) was 240 thousand cubic feet per day "Mcf" for 180 days expiring on November 27, 2018.
 - b. WD Johnson (38265). The administrative flaring authority (Permit No. 35031) was 119 Mcfd for 180 days expiring on November 27, 2018.
 - c. TXL 13-B (Lease ID No. 38268). The administrative flaring authority (Permit No. 35033) was 24 Mcfd for 180 days expiring on November 27, 2018.
 - d. Brelsford (Lease ID No. 38264). The administrative flaring authority (Permit No. 35030) was 42 Mcfd for 180 days expiring on November 27, 2018.
 - e. Various (Commingle Permit 08-4620). The administrative flaring authority (Permit No. 35029) was 60 Mcfd for 180 days expiring on November 27, 2018.
4. On February 28, 2019, the Hearings Division of the Commission sent a Notice of Hearing ("Notice") to the Applicant and all offsetting operators in the field setting a hearing date of March 15, 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.

5. The hearing was held on March 15, 2019, as noticed. Applicant appeared and participated at the hearing. No one appeared in protest.
6. A letter dated August 3, 2018 from DCP Midstream indicates that the sales pipeline service will cease accepting gas from Citation's W.D Johnson and Brelsford leases. A follow-up e-mail dated September 12, 2018, from DCP indicates the decision to disconnect service of pipeline sales is due to the operational risk caused by pipeline integrity.
7. The hearing record indicates that no other sales pipelines are available in the area. Citation has reached an agreement with Crestwood to connect to their sales pipeline once the right-of-way is negotiated with the landowners and the sales pipeline is built. Until the Crestwood sales pipeline is built, none of the leases and associated wells will be connected to a sales pipeline.
8. At the hearing, Citation requested to vent the casinghead gas in lieu of flaring. On June 3, 2019, the Commission's Hearings Division sent a letter indicating that evidence did not satisfy the requirement in SWR 32 which authorizes venting when gas cannot be both safely and continuously burned in a flare. On June 14, 2019, Citation indicated in a letter that upgrades to flaring equipment will be completed by June 30, 2019, and Citation is seeking to flare as originally requested in the Notice dated February 28, 2019.
9. The requested SWR 32 exception to flare casinghead gas is necessary for Citation to produce the recoverable oil from the associated leases and wells identified in Attachment A.
10. At the hearing, Citation 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. SWR 32 requires gas to be utilized for purposes and uses authorized by law unless authorized. 16 Tex. Admin. Code § 3.32(b).
4. SWR 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. Citation Oil & Gas Corporation has met the requirements in SWR 32 to flare casinghead gas in accordance with 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 Citation (Operator No. 154235) is granted an exception to SWR 32 to flare casinghead gas from leases and associated flare points in the Dimmit (Delaware Cons) Field, Loving County, Texas, as identified in Attachment A.

This authority is granted, provided all production is reported on the appropriate Commission forms. Citation shall file the SWR 32 Exception Data Sheet and, shall file at the same time, the required fee for a SWR 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 August 20, 2019.

RAILROAD COMMISSION OF TEXAS

**(Order approved and signatures affixed by
Hearings Division's Unprotested Master Order
dated August 20, 2019)**

ATTACHMENT A – FLARE EXCEPTION AUTHORITY

Permit No.	Lease or Commingle Permit No.	Flare Point Name	Permit Start Date	Permit End Date	Proposed Maximum Flare Volume (Mcf/d)	Additional Information
35032	Lease ID No. 08-38267	TXL 13 Lease	11/28/2018	11/28/2020	400 Mcfd	Casinghead Gas
35031	Lease ID No. 08-38265	WD Johnson	11/28/2018	11/28/2020	200 Mcfd	Casinghead Gas
35033	Lease ID No. 08-38268	TXL 13-B	11/28/2018	11/28/2020	100 Mcfd	Casinghead Gas
35030	Lease ID No. 38264	Brelsford	11/28/2018	11/28/2020	100 Mcfd	Casinghead Gas
35029	Commingle Permit 08-4620 with the Santa Fe Andover (No. 08-38266) Lease and the Jones (No. 08-38265) Lease	Various	11/28/2018	11/28/2020	100 Mcfd	Casinghead Gas

Note: Mcfd = Thousand Cubic Feet Per Day