

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

OIL AND GAS DOCKET NO. OG-19-00001036

APPLICATION OF KINDER MORGAN PRODUCTION CO, LLC (463316) FOR AN EXCEPTION TO STATEWIDE RULE 32 TO FLARE GAS FROM THE S WOMACK LEASE (70857), SNYDER, NORTH (STRAWN) FIELD, SCURRY 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 October 14, 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. Kinder Morgan Production Co LLC ("KM") seeks a two-year exception to 16 Tex. Admin. Code §3.32 ("Statewide Rule 32") for authority to flare a maximum of 140 thousand cubic feet per day ("Mcf/d") and less than 4,300 thousand cubic feet per month ("Mcfm") of gas at the S Womack Lease, Snyder, North (Strawn) Field, Scurry County, Texas, Commission District 8A.
2. KM requested a hearing for the Statewide Rule 32 exception on August 27, 2019.
3. On October 7, 2019, the Hearings Division of the Commission sent a Notice of Hearing ("Notice") to the Applicant and offsetting operators in the field setting a hearing date of October 14, 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.
4. The hearing was held on October 14, 2019, as noticed. Applicant appeared and participated in the hearing. No one appeared in protest. KM is the only operator in the field.
5. The Commission previously granted KM an administrative exception to Statewide Rule 32 to flare a maximum gas volume of 2,000 Mcfd from the S Womack Lease from April 22, 2019 to June 5, 2019 under Permit No. 39049. After expiration of Permit No. 39049, KM received administrative authority from June 6, 2019 to September 4, 2019 under Permit No. 39610, with a maximum volume of 200 Mcfd. The administrative flaring authority by Permit No. 39610 expired on September 4, 2019, after the request by KM for a hearing on August 27, 2019.

6. A gas pipeline to take the Lease's casinghead gas is unavailable. The nearest sales pipeline tie-in point is 2.5 miles from the sole well on the S Womack Lease.
7. KM conducted an economic analysis and production forecast for a proposed pipeline route from the S Womack Lease to its nearest sales tie-in connection. The cost estimate to connect to the sales line is \$658,000, which exceeds the gas revenue from the lease's remaining reserves with a net loss of -\$567,000, making it uneconomical to construct the 2.5-miles long pipeline from the S Womack Lease's well to the sales connection.
8. Based on production rates, the estimated volume of casinghead gas to be flared would be a maximum of 140 Mcfd and less than 4,300 Mcfm at the S Womack Lease from September 5, 2019 to September 4, 2021, a two-year period.
9. The requested Statewide Rule 32 exception to flare casinghead gas is necessary for KM to produce the recoverable oil from the S Womack Lease.
10. At the hearing, KM 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 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).
4. KM has met the requirements in Statewide Rule 32 to flare casinghead gas with a maximum volume of 140 Mcfd and a monthly limit established at 4,300 MCFM, based on production data.
5. 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 Kinder Morgan Production Co. LLC (463316) is granted a two-year exception to Statewide Rule 32 on the S Womack (70857) Lease under Permit No. 39610. KM's request for authority to flare a maximum of 140 Mcfd of casinghead gas with a monthly volume limit of 4,300 Mcfm from September 5, 2019 to September 4, 2021, a two-year period, as reflected in Attachment A is **APPROVED**.

This authority is granted, provided all production is reported on the appropriate Commission forms. KM 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 Leases. 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 December 17, 2019

RAILROAD COMMISSION OF TEXAS

**(Order approved and signatures affixed by
Hearings Division's Unprotested Master Order
dated December 17, 2019)**

ATTACHMENT A – FLARE EXCEPTION AUTHORITY

Permit No.	Commingle Permit No. (If Applicable)	Flare Point Name	Permit Start Date (1)	Permit End Date	Maximum Flare Volume (Mcf/d) and (Mcf/m)	Casinghead Gas or Gas Well Gas
39610	n/a	S Womack Lease	9/5/2019	9/4/2021	140 Mcfd, limited to 4,300 Mcfm	Casinghead Gas

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