

Application for Exception to Statewide Rule 32

INSTRUCTIONS

WHERE AND WHAT TO FILE. File the Application for Exception to Statewide Rule 32, Form R-32, and any required attachments and fees with the Railroad Commission of Texas by hand delivery or mail to the following address: Railroad Commission of Texas, Engineering Unit, P. O. Box 12967, Austin, Texas 78711-2967. You may also file the forms electronically by emailing to EngUnit@rrc.texas.gov. DO NOT ATTACH PAYMENT TO FORMS FILED ELECTRONICALLY. Contact the Engineering Unit at 512-463-1126 or EngUnit@rrc.texas.gov for information on the form or how to pay the required fee.

FEES. A filing fee of \$150 and a surcharge of \$225, for a total of \$375 are required with each Application for Exception to Statewide Rule 32. Fees are required for a new exception, renewal, and hearing request. Fees are non-refundable. Make checks or money orders payable to "Railroad Commission of Texas." The Commission also accepts payment by credit card. For information about payment by credit card, visit the Commission website at <http://www.rrc.texas.gov/about-us/resource-center/research/data-sets-available-for-purchase/credit-cards/>

Section 1 – Applicant and General Information

Line 5: The Site Name may be the name of an individual property (i.e., a lease name) or a name representative of the individual producing properties or release point associated with the exception.

Section 2 – Exception Type

Line 1.a: Include an explanation of why the operations cannot be shut-in and the gas must be released. Explain how all non-wasteful uses, including sales of gas and other beneficial uses, have been investigated and exhausted.

Lines 1.a.ii & 1.b.ii: For a hearing request, the operator should complete and file the Application for Exception to Statewide Rule 32 and pay the required fee. However, for a hearing request application, the required documentation, explanations and/or attachments do not need to be included with the application as those elements will be addressed at the hearing. After the hearing and a Final Order is issued, Engineering Unit staff will issue the exception in conformance with the Final Order.

Line 1.b.i: Provide documentation demonstrating that the conditions for which the initial exception or latest renewal was granted have not significantly changed despite a good-faith attempt by the operator to direct the gas to or utilize the gas for purposes and uses authorized by law [see SWR 32(i)(2)].

Section 4 – Requested Release Authority

Line 1: Provide preliminary production data for the past 60 days to document the current production and disposition of gas from the producing property. For new wells producing for less than 60 days, document the production history to date. Preliminary production data is not required for gas plant exceptions.

Line 1.a: If "Surface Commingle Permit Number" is selected on Line 1.d or "Multiple Properties" is selected on Line 1.f, enter the total requested rate for all properties on Line 1.a, and provide property-specific information on ATTACHMENT 1.

Section 5 – Flare/Vent Information

Line 2.b: Provide evidence that flaring is not required for safety reasons or by other regulation and that the gas can be safely vented [see SWR 32(e)(1) and (3).]

Section 7 – Rule-Defined Necessity for Release

Line 3: Provide documentation of mechanical, physical, or economic impracticability.

Line 4: Provide documentation of gathering/transmission pipeline availability, capacity and/or reliability limitations. Include plans to secure pipeline and/or gas plant capacity and provide evidence of good faith efforts to obtain the same, which may include an economic analysis assessing gas marketability including treatment, compression and pipeline costs.

Line 4.c: Provide documentation describing the type of release reduction technology used and the anticipated percentage reduction. If the release reduction technology has not been implemented, provide the anticipated date of implementation.

Line 5: Provide documentation of curtailment.

Line 6: Provide documentation of gathering/transmission pipeline availability, capacity and/or reliability limitations. Include plans to secure pipeline and/or gas plant capacity and provide evidence of good faith efforts to obtain the same, which may include an economic analysis assessing gas marketability including treatment, compression and pipeline costs.