



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL AND GAS DOCKET NO. 08-0292681

THE APPLICATION OF CONOCOPHILLIPS COMPANY, LP, FOR AN EXCEPTION TO STATEWIDE RULE 32 FOR VARIOUS TANK BATTERIES ON THE CHALK E (41219) LEASE, CHALK G (41220) LEASE, CHALK MARY (41221) LEASE, CHALK NORTH (41243) LEASE, CHALK SOUTH (41216) LEASE, DOUTHIT (41225) LEASE, KELLY ROBERTS (41244) AND (32327) LEASES, REED (41247) LEASE AND CHALK SEC. 95 (30848) LEASE, IN THE HOWARD GLASSCOCK (CONSOLIDATED) AND HOWARD GLASSCOCK (WOLFCAMP 7400) FIELDS, HOWARD COUNTY, TEXAS.

HEARD BY: Paul Dubois – Technical Examiner
Richard Eyster – Technical Examiner
Marshall Enquist – Hearings Examiner

HEARING DATE: January 16, 2015

CONFERENCE DATE: February 24, 2015

APPEARANCES:

Jamie Nielson, Attorney
Greg Cloud, Consultant

REPRESENTING:

ConocoPhillips Company
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EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Pursuant to Statewide Rule 32 (16 Tex. Admin. Code § 3.32) ConocoPhillips Company (“ConocoPhillips”) requests an exception to flare gas from tank batteries on ten leases in the Howard Glasscock (Consolidated) and Howard Glasscock (Wolfcamp (7400) Fields in Howard County, Texas. The tank batteries are on ten leases: the Chalk E (41219), Chalk G (41220), Chalk Mary (41221), Chalk North (41243), Chalk South (41216), Douthit (41225), Kelly Roberts (41244) and (32327), Reed (41247) and Chalk Sec. 95 (30848) Leases.

The leases produce gas with a high concentration of H₂S. There are currently no purchasers who will take the gas due to the high H₂S concentration. ConocoPhillips is currently constructing a Sour Gas Sweetening and Injection Facility to remove the H₂S from the gas stream and dispose of it in an Acid Gas Injection well, then selling the remaining sweet gas. The nearest pipeline is a gathering line on location.

DISCUSSION OF THE EVIDENCE

Conoco Phillips has exhausted flaring authority administratively granted by the Commission for 180 days. The first permit was granted by Commission letter dated April 22, 2014 for the 60-day period from April 15, 2014 through June 14, 2014. The second permit was granted by Commission letter dated May 29, 2014 for the 60-day period from June 15, 2014 through August 14, 2014. The third permit was granted by Commission letter dated August 28, 2014 for the 60-day period from August 15, 2014 through October 14, 2014. The permits granted flaring authority for the ten leases for a total of 1,525 MCFD

ConocoPhillips request for a hearing in this matter was dated September 17, 2014, at least 21 days prior to the expiration of the third flaring permit, as required by Commission Statewide Rule 32(i). Commission Statewide Rule 31(h)(4) requires that requests for flaring exception more than 180 days and for volumes more than 50 MCFD shall be granted only by Final Order signed by the Commissioners.

ConocoPhillips originally believed the Sour Gas Sweetening Facility and Acid Gas Injection Well would be completed and operational before the 180-day administrative flaring authority ended. However, ConocoPhillips now anticipates the facility will be operational on February 1, 2015 or March 1, 2015. In recognition of the possibility of further unanticipated delays, ConocoPhillips requests the Commission grant it flaring authority to run from October 14, 2014 through October 14, 2015, a period of 365 days, with authority to flare 1,525 MCFD for the ten leases. The extra time will provide ConocoPhillips with a margin of error to ensure that the facilities are complete and operational before flaring authority expires.

The application was not protested. The examiners recommend the the application of ConocoPhillips for flaring authority for the ten leases be granted for the requested period of one year beginning on October 14, 2014 for the requested volume of 1,525 MCFD.

FINDINGS OF FACT

1. Proper notice of this hearing was given to all parties entitled to notice at least ten days prior to the date of hearing. There were no protests to the application.
2. The tank batteries subject to this application operated by ConocoPhillips Company are on ten leases: the Chalk E (41219), Chalk G (41220), Chalk

- Mary (41221), Chalk North (41243), Chalk South (41216), Douthit (41225), Kelly Roberts (41244) and (32327), Reed (41247) and Chalk Sec. 95 (30848) Leases.
3. The administrative permit granted for the ten leases has been extended for a total of 180 days, the maximum time allowed under Statewide Rule 32. The ten leases, under permit No. 17315, were granted authority to flare 1,525 MCFD.
 4. On September 17, 2014, ConocoPhillips requested a hearing to extend flaring authority for the ten leases, within the 21 day period for filing for an extension to flaring authority as required by Statewide Rule 32(I).
 5. ConocoPhillips is constructing a Sour Gas Sweetening Facility and Acid Gas Injection Well on site to remove the H₂S from the produced gas on the ten leases.
 - a. After the H₂S is removed from the gas stream, the H₂S will be injected into the Acid Gas Disposal well.
 - b. After the H₂S is removed from the gas stream, the sweet gas will be sold through an on-site gathering line.
 - c. Pending completion of the Sour Gas Sweetening Facility and Acid Gas Injection Well, ConocoPhillips wishes to continue flaring the subject tank batteries and leases in the collective amount of 1,525 MCFD.
 6. ConocoPhillips had planned to complete the Sour Gas Sweetening Facility and Acid Gas Injection Well within the 180-day administratively permitted flaring period. Completion has been delayed, therefore ConocoPhillips requests a 365-day extension of their present permit, to run from October 14, 2014 through October 14, 2015.
 7. ConocoPhillips anticipates the Sour Gas Sweetening Facility and Acid Gas Injection Well will be operation on February 1, 2015 or March 1, 2015.

CONCLUSIONS OF LAW

1. Resolution of the subject application is a matter committed to the jurisdiction of the Railroad Commission of Texas. Tex. Nat. Res. Code § 81.051
2. All notice requirements have been satisfied. 16 Tex. Admin. Code § 1.45
3. The requested exception meets the requirements of Statewide Rule 32. 16 Tex. Admin Code § 3.32

RECOMMENDATION

Based on the above findings of fact and conclusions of law, the Examiners recommend ConocoPhillips Company be granted authority to flare up to 1,525 MCF of gas per day from the ten subject tank batteries on the ten subject leases for a period of 365 days.

Respectfully submitted,



Paul Dubois
Technical Examiner



Richard Eyster
Technical Examiner



Marshall Enquist
Hearings Examiner