



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL AND GAS DOCKET NO. 04-0294042

THE APPLICATION OF CITATION OIL & GAS CORPORATION FOR AN EXCEPTION TO STATEWIDE RULE 32 WILLAMAR GAS PLANT WILLAMAR, WILLAMAR WEST, WILLAMAR WEST (MIOCENE 4700), AND WILLAMAR WEST (MIOCENE 5200) FIELDS WILLACY COUNTY, TEXAS

HEARD BY: Karl Caldwell – Technical Examiner
Marshall Enquist – Legal Examiner

HEARING DATE: January 22, 2015
CONFERENCE DATE: March 24, 2015

APPEARANCES:

APPLICANT:

Taylor Holcomb
Lee Ann Elson

REPRESENTING:

Citation Oil & Gas Corporation

EXAMINERS' REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Citation Oil & Gas Corporation (Citation) requests an exception to Statewide Rule 32 to flare casinghead gas from the Willamar Gas Plant in the Willamar, Willamar West, Willamar West (Miocene 4700), and Willamar West (Miocene 5200) Fields, Willacy County, Texas from November 28, 2014 to December 30, 2014. Notice was provided to offset operators and no protests were received. The application is unopposed and the examiners recommend approval of an exception to Statewide 32 to flare casinghead gas for the time period commencing November 28, 2014 through December 30, 2014.

DISCUSSION OF THE EVIDENCE

Statewide Rule 32 governs the utilization for legal purposes of natural gas produced under the jurisdiction of the Railroad Commission. Specifically, Statewide Rule 32(h) provides that an exception to flare natural gas in volumes greater than 50 mcf/d may be granted administratively for a period up to 180 days. Beyond that, Statewide Rule 32(h) provides that exceptions shall be granted only in a final order signed by the Commission. In the context of the subject application, Citation is requesting an exception to flare casinghead gas as provided by Statewide Rule 32(h).

Citation has delivered gas from the Willamar Gas Plant to a Producers Gas Gathering line that is tied into a line owned by Texas Gas Service. However, Citation has encountered a number of interruptions in the pipeline in recent years, mainly attributed to pipeline integrity issues. Citation has contacted other midstream operators in the area but was unable to find any viable options. As a result, Citation submitted an application to the Commission in May 2014 to permit the flaring of gas from the Willamar Gas Plant. Commission staff approved the flaring permit (Permit No. 17957) for a total 180 days, the maximum length of time a permit may be granted administratively for flare volumes greater than 50 mcf/d of casinghead gas. Permit No. 17957 was due to expire on November 27, 2104. On November 5, 2014 the Commission received a hearing request from Citation for an exception to Statewide Rule 32 for the Willamar Gas Plant. Citation was in the process of obtaining a permit to re-inject the casinghead gas that was being flared and required additional time to acquire the permit as well install and commission the necessary equipment.

On November 18, 2014, Citation was granted a permit (Project F-00522) to re-inject casinghead gas that was currently being flared. After Citation was granted the permit, a compressor was ordered. Citation started injecting gas on approximately December 6, 2014, but encountered problems with the compressor. The manufacturer of the compressor serviced the unit and developed a daily operational schedule that rectified the compressor problem. Citation has encountered no issues since this operational procedure was implemented. Citation is requesting an exception to Statewide Rule 32 from November 28, 2014 to December 30, 2014 for a maximum volume of 506 mcf/d of casinghead gas. This period of time spans the date the previous flaring permit expires through the date all gas started to be re-injected pursuant to Project No. F-00522.

FINDINGS OF FACT

1. Proper notice of this hearing was given to offset operators at least ten days prior to the date of hearing. There were no protests to the application.

2. Citation received Permit No. 17957 to flare casinghead gas for 180 days, which expired November 27, 2014.
3. Citation requested a hearing for an exception to Statewide Rule 32 on November 5, 2014, more than 21 days prior to the expiration date of Permit No. 17957.
4. Citation received a permit (Project No. F-00522) on November 18, 2014 to re-inject gas.
5. Citation is requesting an exception to Statewide Rule 32 from November 28, 2014 through December 30, 2014.
6. No gas from the Willamar Gas Plant will be flared after December 30, 2014.

CONCLUSIONS OF LAW

1. Proper notice was issued as required by all applicable statutes and regulatory codes.
2. All things have occurred and been accomplished to give the Commission jurisdiction in this matter.
3. The requested authority to flare casinghead gas satisfies the requirements of Title 16, Texas Administrative Code 3.32(h).

EXAMINERS' RECOMMENDATION

Based on the above findings of fact and conclusions of law, the examiners recommend that the Commission grant the request by Citation Oil & Gas Corporation for an exception to Statewide Rule 32 for the Willamar Gas Plant. The exception is granted for a maximum volume of 506 mcf of casinghead gas from November 28 2014, through December 30, 2014.

Respectfully submitted,



Karl Caldwell
Technical Examiner



Marshall Enquist
Legal Examiner