



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL AND GAS DOCKET NO. 08-0298556

THE APPLICATION OF COG OPERATING, LLC FOR AN EXCEPTION TO 16 TAC §3.32 FOR VARIOUS WELLS AND TANK BATTERIES, SANDBAR (BONE SPRINGS) FIELD, LOVING AND CULBERSON COUNTIES, TEXAS

OIL AND GAS DOCKET NO. 08-0298557

THE APPLICATION OF COG OPERATING, LLC FOR AN EXCEPTION TO 16 TAC §3.32 FOR THE BRUNSON B LEASE, WELL NO. 1501H, TWO GEORGES (BONE SPRING) FIELD, LOVING COUNTY, TEXAS

OIL AND GAS DOCKET NO. 08-0298558

THE APPLICATION OF COG OPERATING, LLC FOR AN EXCEPTION TO 16 TAC §3.32 FOR THE ALDRIN LEASE, WELL NO. 2822H, FORD, WEST (WOLFCAMP) FIELD, CULBERSON COUNTY, TEXAS

HEARD BY: Brian Fancher, P.G. – Technical Examiner
Ryan Lammert – Administrative Law Judge

HEARING DATE: December 4, 2015
RECORD CLOSED: December 4, 2015
SUBMISSION DATE: December 17, 2015
CONFERENCE DATE: January 12, 2016

APPEARANCES:

REPRESENTING:

APPLICANT:

Ana Maria Marsland-Griffith
Melanie Wilson
Thomas McIlvain

COG Operating, LLC

EXAMINERS' REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

The captioned dockets were heard on a joint record at the December 4th hearing. The applications are unopposed and the Examiners recommend that they be approved, as requested by COG Operating, LLC (COG).

Pursuant to 16 Tex. Admin. Code §3.32, COG seeks authority to continue flaring casing-head gas from each of the subject leases as follows:

1. O&G Docket No. 08-0298556: a range between 350 – 1,200 MCFG per day for seven wells, effective 12/1/2015 to 12/1/2016;
2. O&G Docket No. 08-0298557: 700 MMCF per day, effective 12/1/2015 to 12/1/2016;
3. O&G Docket No. 08-0298558: 2,500 MCFG per day, effective 12/1/2015 to 12/1/2016.

DISCUSSION OF THE EVIDENCE

Rebecca Wilson and Thomas McIlvain testified on behalf of COG. Ms. Wilson is a Lead Regulatory Analyst with COG, while Mr. McIlvain is a Facilities Engineering Advisor with COG.

Notice of the subject applications were sent by U.S. mail directed to operators of record that immediately offset the subject leases, as well as the Oil and Gas Division. COG was the only party to appear at the hearing.

Applicable Rules

In general, 16 Tex. Admin. Code §3.32 (“SWR 32”) governs the utilization for legal purposes of natural gas produced under the jurisdiction of the Railroad Commission. Titled “Exceptions,” SWR 32(h) states:

Requests for exceptions for more than 180-days and for volumes greater than 50 mcf of hydrocarbon gas per day shall be granted only in a final order signed by the commission.

O&G Docket No. 08-0298556

This docket is comprised of seven wells (Group 1 Wells) that are located on four leases. The Group 1 Wells consist of the following: (1) DR State East Lease, Well No. 1803H (API No. 109-32659); (2) DR State East Lease, Well No. 2803H (API No. 109-32658); (3) DR State Central Lease, Well No. 202H (API No. 109-32824); (4) Glenn Lease, Well No. 2001H (API No. 109-32624); (5) Shepard Lease, Well No. 802H (API No. 109-32610); (6) Shepard Lease, Well

No. 803H (API No. 109-32479); and (7) Wetherbee D Unit Lease, Well No. 408H (API No. 109-32693).

COG received multiple administrative approvals from the Oil and Gas Division to flare various volumes of casinghead gas from the Group 1 Wells, respectively, as follows:¹

<u>Maximum Volume(s) (MCFGD)</u>	<u>Effective Date</u>	<u>Expiration Date</u>
1. 940; 1,000	01/01/15	11/30/15
2. 400; 1,000	01/22/15	11/30/15
3. 2,000	05/24/15	11/01/15
4. 720; 2,258; 1,000	03/24/15	12/15/15
5. 410; 397; 394; 500	03/23/15	11/30/15
6. 500	11/01/15	12/31/15
7. 1,211; 1,361; 2,000	04/06/15	11/30/15

By letter dated October 9, 2015, COG timely submitted its hearing request for the Group 1 Wells.

The Group 1 Wells' surface facilities are connected to third-party gas sales pipelines that are owned by either Energy Transfer (ET) or Western Gas (WG). Mr. McIlvain testified that the need to flare casinghead gas from the Group 1 Wells is due to issues that include high pipeline pressures, a lack of field compression, and inadequate gas pipeline/gas plant capacities. He testified that if COG's requested relief is not granted for the Group 1 Wells, then those wells would have to be shut-in. He also testified that consequential shut-in of those wells would be detrimental to their ultimate recovery of hydrocarbons from the Sandbar (Bone Springs) Field.

In an effort to reduce its need to flare casinghead gas from the Group 1 Wells, COG plans to add additional field compression. In addition, ET and WG will increase capacity in 2016 to their respective gas gathering systems. In the interim, COG believes that its requested relief is reasonable to prevent waste from the Group 1 Wells.

O&G Docket No. 08-0298557

This docket is comprised of one well, the Brunson B Lease, Well No. 1501H (API No. 302-32374) (Brunson Well).

COG received administrative approvals through the Oil and Gas Division to flare casinghead gas for 173 days from the Brunson Well, as follows:

<u>Maximum Volume (MCFGD)</u>	<u>Effective Date</u>	<u>Expiration Date</u>
1. 2,000	05/21/15	11/30/15

¹ The Group 1 Wells were largely granted authority to flare varying maximum volumes of casinghead gas. For example, the DR State East Lease, Well No. 1803H was initially granted authority to flare up to 940 MCFG per day during the initial 75 days of the total 136 days. The final 61 days of that authority granted COG authority to flare up to 1,000 MCFG per day.

By letter dated October 9, COG timely submitted its hearing request for the Brunson Well.

The Brunson Well's surface facility is connected to a third-party gas sales pipeline that is owned by ET. Mr. McIlvain testified that that need to flare casinghead gas from the Brunson Well is largely due to the area gas production around that well exceeding the available capacity in ET's gas gathering pipelines. He testified that if COG's requested relief is not granted for the Brunson Well, then it would have to be shut-in. He also testified that consequential shut-in of that well would be detrimental to its ultimate recovery of hydrocarbons from the Two Georges (Bone Spring) Field.

Mr. McIlvain testified that ET is in the process of adding additional pipeline compression and capacity to its gathering system, which will reduce COG's need to flare casinghead gas from the Brunson Well. In the interim, COG believes that its requested relief is reasonable to prevent waste from the Brunson Well.

O&G Docket No. 08-0298558

This docket is comprised of one well, the Aldrin Lease, Well No. 2822H (API No. 109-32678) (Aldrin Well).

COG received administrative approvals through the Oil and Gas Division to flare casinghead gas for 143 days from the Aldrin Well, as follows:

<u>Maximum Volume (MCFGD)</u>	<u>Effective Date</u>	<u>Expiration Date</u>
1. 950; 1,605; 2,000; 3,000	12/01/14	12/31/15

By letter dated October 9, COG timely submitted its hearing request for the Brunson Well.

The Aldrin Well's surface facility is connected to a third-party gas sales pipeline that is owned by WG. Mr. McIlvain testified that that need to flare casinghead gas from the Aldrin Well is largely due to the area gas production around that well exceeding the available capacity in WG's gas gathering pipelines. He testified that if COG's requested relief is not granted for the Aldrin Well, then it would have to be shut-in. He also testified that consequential shut-in of that well would be detrimental to its ultimate recovery of hydrocarbons from the Ford, West (Wolfcamp) Field.

Mr. McIlvain testified that WG is in the process of upgrading its pipeline's compression reliability and capacity to its gathering system, which will reduce COG's need to flare casinghead gas from the Aldrin Well. In the interim, COG believes that its requested relief is reasonable to prevent waste from the Aldrin Well.

FINDINGS OF FACT

1. COG Operating, LLC (“COG”) seeks exceptions to 16 Texas Admin. Code §3.32 to flare casing-head gas derived from the Sandbar (Bone Springs), Two Georges (Bone Spring), and Ford, West (Wolfcamp) Fields through the (1) DR State East Lease, Well No. 1803H (API No. 109-32659); (2) DR State East Lease, Well No. 2803H (API No. 109-32658); (3) DR State Central Lease, Well No. 202H (API No. 109-32824); (4) Glenn Lease, Well No. 2001H (API No. 109-32624); (5) Shepard Lease, Well No. 802H (API No. 109-32610); (6) Shepard Lease, Well No. 803H (API No. 109-32479); and (7) Wetherbee D Unit Lease; Well No. 408H (API No. 109-32693) wells (“Group 1 Wells”), the Brunson B Lease, Well No. 1501H (API No. 302-32374) (“Brunson Well”), and the Aldrin Lease, Well No. 2822H (API No. 109-32678) (“Aldrin Well”), respectively (“Subject Applications”), as follows:
 - a. O&G Docket No. 08-0298556: a range between 350 – 1,200 MCFG per day for the Group 1 Wells, effective 12/1/2015 to 12/1/2016;
 - b. O&G Docket No. 08-0298557: 700 MMCF per day for the Brunson Well, effective 12/1/2015 to 12/1/2016;
 - c. O&G Docket No. 08-0298558: 2,500 MCFG per day for the Aldrin Well, effective 12/1/2015 to 12/1/2016.
2. Notice of Hearing was provided to all immediate offsetting operators adjacent to the subject leases in Oil & Gas Docket Nos. 08-0298556, 08-0298557 and 08-0298558, heard on December 4, 2015.
3. COG received administrative authority to flare casing-head gas volumes beyond 50 MCFGD through the Group 1 Wells, Brunson Well, and Aldrin Well prior to the hearing held on December 4, 2015 (MCFGD represents 1,000 cubic feet of gas per day):
4. COG timely submitted hearing requests to the Commission for the Subject Applications on October 9, 2015.
5. COG has shown necessity for flaring beyond 180 days at volumes above 50 MCFG per day in the Subject Applications.
6. Approval of the Subject Applications is reasonable and appropriate, pursuant to 16 Tex. Admin. Code §3.32

CONCLUSIONS OF LAW

1. Resolution of the Subject Applications is a matter committed to the jurisdiction of the Railroad Commission of Texas – Tex. Nat. Res. Code §81.051.
2. Legally sufficient notice has been provided to all affected persons.

3. The requested rates and time frames to flare casing-head gas, as described in Finding of Fact No. 1, satisfies the requirements of Title 16 TAC §§3.32.

EXAMINERS' RECOMMENDATION

Based on the above findings of fact and conclusions of law, the Examiners recommend that the Commission grant exceptions to flare up casing-head gas from the Group 1 Wells, Brunson Well, and Aldrin Well, as described in Finding of Fact No. 1 above.

Respectfully submitted,



Brian Fancher, P.G.
Technical Examiner



Ryan Lammert
Administrative Law Judge