



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL AND GAS DOCKET NO. 08-0298498

THE APPLICATION OF APACHE CORPORATION FOR AN EXCEPTION TO STATEWIDE RULE 32 FOR THE BUZZARD 23, CARDINAL 4, CHAPARRAL 89, AND MOCKINGBIRD STATE UNIT 9 LEASES, TWO GEORGES (BONE SPRING), PHANTOM (WOLFCAMP), AND WOLFBONE (TREND AREA) FIELDS, LOVING COUNTY, TEXAS

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

HEARING DATE: November 30, 2015
RECORD CLOSED: December 1, 2015
SUBMISSION DATE: December 17, 2015
CONFERENCE DATE: January 12, 2016

APPEARANCES:

REPRESENTING:

APPLICANT:

Buddy Richter, P.E.
Randy Early, P.E.
Belinda Wolf

Apache Corporation

EXAMINERS' REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Pursuant to 16 Tex. Admin. Code §3.32, Apache Corporation (Apache) seeks an exception to flare casinghead gas from wells completed in the subject fields on the Buzzard 23 (Lease No. 46223), Cardinal 4 (Lease No. 45003), Chaparral 89 (Lease No. 46443), and Mockingbird State Unit 9 (Lease No. 45154) Leases (Subject Leases). Apache requests to collectively flare up to 7,000 MCFGD from four flare stacks on the Subject Leases (MCFGD represents 1,000 cubic feet of gas per day) for nine months, effective October 29, 2015.

The Examiners issued a letter to Apache on November 30, 2015, for clarification to its requested relief in the captioned docket. On December 1, 2015, Apache submitted its response

to the Examiners' November 30th letter, effectively closing the record. The application is unopposed. The Examiners recommend that it be approved.

DISCUSSION OF THE EVIDENCE

Applicable Rule

16 Tex. Admin. Code §3.32 ("SWR 32") governs flaring 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.

Application History

Buddy Richter, consulting Petroleum Engineer, and Randy Early, a Regulatory Engineer with Apache, testified on behalf of Apache.

Notice of the subject application was sent by U.S. mail directed to operators of record that immediately offset the Subject Leases, as well as the Oil and Gas Division.¹ Apache was the only party to appear at the hearing.

In this application, the Chaparral 89 Lease contains wells completed in the Phantom (Wolfcamp) and Two Georges (Bone Springs) Fields. The Buzzard and Cardinal Leases contain wells completed in the Two Georges (Bone Springs) Field. The Mockingbird State Unit 9 Lease contains wells completed in the Wolfbone (Trend Area) Field.²

Production from the Subject Leases is routed to a central gathering facility that is permitted for surface commingling (Permit No. 7133).³ Prior to surface commingling, however, all production from the Subject Leases is routed to those leases' respective tank battery for on-lease separation. Therefore, Apache's requested relief in the instant case consists of four flare stacks (*i.e.* one flare stack for each of the Subject Leases).

The Subject Leases were administratively granted authority to flare casinghead gas from September 1, 2015, through October 28, 2015. On October 6, 2015, Apache timely submitted its hearing request for the captioned docket.

Applicant's Argument

The casinghead gas gathering systems on the Subject Leases are commonly connected, and that gas may be directed to any respective sales market. Regency Field Services (Regency) is the primary gas gatherer for the Subject Leases. Mr. Richter testified that Regency's gas

¹ Apache Exh. No. 1.

² Apache Exh. No. 3.

³ Apache Exh. No. 4.

pipelines operate on high pressure (e.g. 1,100 psig). He testified that Regency's pipelines undergo daily operations that cause its pipeline's to shut-in. Furthermore, Apache argues that there is insufficient pipeline capacity to deliver its casinghead gas to market.

Mr. Richter testified that Regency is in the process of installing equipment to increase its gas handling capacity. In addition, Apache is in the process of expanding its gas gathering capabilities on the Subject Leases that will alleviate its need to flare.⁴ Therefore, Apache believes that its requested relief in the instant case is reasonable.

FINDINGS OF FACT

1. Apache Corporation ("Apache") seeks an exception to flare casinghead gas derived from the Two Georges (Bone Springs), Phantom (Wolfcamp), and Wolfbone (Trend Area) Fields ("Subject Fields"), Loving County, Texas ("Subject Leases") (collectively "Subject Application").
2. Sufficient notice of the Subject Application was made on October 22, 2015.
3. Apache was the only party that attended the hearing held for the Subject Application.
4. Apache requests to collectively flare up to 7,000 MCFGD (MCFGD represents 1,000 cubic feet of gas per day) from four flare stacks located on the Subject Leases, effective October 29, 2015, through July 29, 2016.
5. Apache received administrative authority to flare from the Subject Leases, effective September 1, 2015, through October 28, 2015.
6. Apache's administrative vent/flare authority for the Subject Leases expired on October 28, 2015.
7. On October 6, 2015, Apache submitted its written request for a hearing on the Subject Application.
8. The necessity for flaring casinghead gas from the Subject Leases is due to the lack of capacity in the gas sales pipeline that serves the Subject Leases.
9. Apache's requested relief in the Subject Application will provide it additional time that will allow additional casinghead gas pipeline capacity to become available in the future.
10. Approval of the subject application is reasonable and appropriate, in accordance with 16 Tex. Admin. Code §3.32(h).

⁴ Apache Exh. No. 9.

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. Legally sufficient notice has been provided to all affected persons.
3. The requested authority to flare or vent up to 7,000 MCFGD of casing-head gas derived from the Subject Fields on the Subject Leases, effective October 29, 2015, through July 29, 2016, satisfies the requirements of Title 16 TAC §3.32.

EXAMINERS' RECOMMENDATION

The Examiners recommend that the Commission grant an exception to collectively flare or vent up to 7,000 MCFGD of casing-head gas from the Subject Fields on the Subject Leases, effective October 29, 2015, through July 29, 2016.

Respectfully submitted,



Brian Fancher, P.G.
Technical Examiner



Ryan Lammert
Administrative Law Judge