



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL AND GAS DOCKET NO. 08-0297695

THE APPLICATION OF COG OPERATING, LLC FOR AN EXCEPTION TO STATEWIDE RULE 32, FOR FLARE PERMIT FOR THE LUDEMAN A BATTERY AND LUDEMAN BATTERY WELLS, TWO GEORGES (BONE SPRINGS) FIELD, LOVING COUNTY, TEXAS

HEARD BY: Peggy Laird P.G. - Technical Examiner
Terry Johnson - Legal Examiner

SUBMITTED BY: Peggy Laird, P.G. - Technical Examiner
Ryan Lammert - Administrative Law Judge

HEARING DATE: September 17, 2015

CONFERENCE DATE: February 3, 2016

APPEARANCES: **REPRESENTING:**

APPLICANT:

Ana Maria Marsland-Griffith COG Operating, LLC
Tom McIlvain
Melanie Wilson

EXAMINERS' REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

COG Operating LLC ("COG") seeks an exception to Statewide Rule 32 (16 Tex. Admin. Code §3.32) to flare gas from the Ludeman A Battery and the Ludeman Battery Wells in the Two Georges (Bone Springs) Field, Loving County, Texas. All offset operators in the subject field were notified of the hearing. There were no objections filed, and no protestants appeared at the hearing. The Examiners recommend the exceptions to Statewide Rule 32 be granted, as requested by COG.

DISCUSSION OF THE EVIDENCE

Statewide Rule 32 governs the utilization of gas well gas and casinghead gas produced by oil and gas wells under the jurisdiction of the Railroad Commission. In the subject application, COG is requesting to flare gas as provided in Statewide Rule 32(h), for a limited time until appropriate gas facilities and connections can be completed.

The subject leases in this application are completed in areas that lack adequate gas gathering, processing, and transmission facilities. All leases have experienced operational problems because of limited transmission system availability and pressure differences within gathering systems. At the hearing, COG presented information and testimony for the two leases. What follows is a summary of COG's presentation presented by lease number.

LUDEMAN A BATTERY

The **Ludeman A Battery (Lease No. 08-45358)** is located in northwestern Loving County about 10 miles south of the Texas-New Mexico state line, and has two wells, the Ludeman A #601H and Ludeman A #602H. Both wells will utilize one flare point located at the subject battery.

The current gathering systems and delivery lines were designed for decades old vertical wells. Operational problems are occurring because the outdated, undersized lines cannot meet the needs of the newer horizontal drilling. Current gas production exceeds the capacities of the gas gathering pipelines, field compression, and gas plant capacity. Energy Transfer, the gas gathering pipeline company COG utilizes, is installing additional plant capacity and gas compression to accommodate pressure differences between production and delivery systems. Improvements to facilities should be completed within the year.

COG received their current administrative authority (Permit No. 21019) to flare one thousand (1,000) thousand cubic feet (MCF) of gas per day, or 1,000 MCF/D from July 10, 2015, to September 9, 2015. COG's request for a hearing to extend the flaring authority was received on July 31, 2015. COG is requesting authority to flare 1,000 MCF/D for one year, from September 9, 2015, to September 9, 2016. The authority to flare will allow time for gathering systems and facility improvements to be completed.

LUDEMAN BATTERY

The **Ludeman Battery (Lease No. 08-43914)** is located in northwestern Loving County about 10 miles south of the Texas-New Mexico state line, and has two wells, the Ludeman 1401H and Ludeman 1404H. Both wells will utilize one flare point located at the subject battery.

Operational issues for the Ludeman Battery are identical to the Ludeman A Battery. Current gas production exceeds the capacities of the outdated gas gathering pipelines, field compression, and gas plant capacity. COG anticipates that improvements by Energy Transfer to the various facilities will be completed within the year.

COG received their current administrative authority (Permit No. 20222) to flare 1,000 MCF/D from July 10, 2015, to July 30, 2015. COG's request for a hearing to extend the flaring authority was received on July 31, 2015. COG is requesting authority to flare 1,000 MCF/D for one year, from July 31, 2015, to July 31, 2016. The authority to flare will allow time for gathering systems and facility improvements to be completed.

FINDINGS OF FACT

1. 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 Ludeman A Battery and the Ludeman Battery have experienced the same operational issues because of limited transmission system availability and pressure differences within gathering systems.
3. Energy Transfer, the gas gathering pipeline company COG utilizes, is installing additional plant capacity and gas compression to accommodate pressure differences between production and delivery systems. These improvements should be completed within the year.
4. COG is requesting authority to flare 1,000 MCF/D for one year, from September 9, 2015, to September 9, 2016, from the Ludeman A Battery.
5. COG is requesting authority to flare 1,000 MCF/D for one year, from July 31, 2015, to July 31, 2016, from the Ludeman Battery.
6. Exceptions to Statewide Rule 32 authorizing gas to be flared is necessary due to continued capacity issues such as compressor upgrades, upset conditions, and high line pressures, all of which occur regularly in this area.

CONCLUSIONS OF LAW

1. All things have occurred and been accomplished to give the Commission jurisdiction in this matter. Tex. Nat. Res. Code § 81.051
2. Approval of the requested exception to Statewide Rule 32 to flare gas for the subject wells will not harm correlative rights, and will promote development of the field.

EXAMINERS' RECOMMENDATION

Based on the above findings of fact and conclusions of law, the Examiners recommend that the Commission grant an exception to Statewide Rule 32 for the subject wells, as requested by COG Operating, LLC.

Respectfully submitted,



Peggy Laird, P.G.
Technical Examiner



Ryan Lammert
Administrative Law Judge