



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL AND GAS DOCKET NO. 08-0301161

THE APPLICATION OF TEMA OIL AND GAS COMPANY FOR AN EXCEPTION TO STATEWIDE RULE 32 FOR THE KYLE 24 LEASE TANK BATTERY, PHANTOM (WOLFCAMP) FIELD, LOVING COUNTY, TEXAS

HEARD BY: Karl Caldwell – Technical Examiner
Marshall Enquist – Administrative Law Judge

HEARING DATE: September 14, 2016
CONFERENCE DATE: October 25, 2016

APPEARANCES:

REPRESENTING:

APPLICANT:

TEMA Oil and Gas Company

Dale Miller

EXAMINERS' REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

TEMA Oil and Gas Company (TEMA) requests a two-year exception to Statewide Rule 32 for the Kyle 24 Lease Tank Battery, Phantom (Wolfcamp) Field, Loving County, Texas. Notice was provided to offset operators and no protests were received. The applications are unopposed, and the Technical Examiner and the Administrative Law Judge (collectively, "Examiners") recommend approval of an exception to Statewide 32.

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(j) *Opportunity for hearing* states that an operator may request a hearing on any application for an exception or exception renewal required by this section. On July 15, 2016, the Commission received a hearing request from TEMA for an exception renewal to Statewide Rule 32, for the Kyle 24 Lease Tank Battery (Lease No. 08-47683).

TEMA was previously granted an exception to Statewide Rule 32 for the Kyle 24 Lease (Permit No. 27660), effective May 17, 2016 to August 15, 2016 to flare a maximum volume of 3,000 MCF per day. This permit was granted in case gas needed to be flared due to equipment failure or plant shut-downs. The Kyle 24 Lease, Well No. G001 is currently connected to an Energy Transfer Company pipeline. The Kyle 24 Lease, Well No. G001 was completed on May 17, 2016 and to-date, no gas has been flared. The flare stack for the Kyle 24 Tank Battery is located at the following latitude/longitude: 31°57'20.72"/-103°35'58.32".

The requested exception to Statewide Rule 32 is for emergencies purposes only, in the event of a system upset, pipeline disruption, etc. TEMA is requesting an extension to the previous exception to flare a maximum of 3,000 MCF per day for a period of two years, effective August 16, 2016 to August 15, 2018, in the event gas needs to be flared due to a system disruption, including equipment failure or plant shut-downs.

FINDINGS OF FACT

1. 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. TEMA Oil and Gas Company requests a two-year exception to Statewide Rule 32 for the Kyle 24 Lease Tank Battery, Phantom (Wolfcamp) Field, Loving County, Texas.
3. The Kyle 24 Lease, Well No. G001 was completed on May 17, 2016 and to-date, no gas has been flared.
4. The Kyle 24 Lease, Well No. G001 is currently connected to an Energy Transfer Company pipeline.
5. The flare stack for the Kyle 24 Tank Battery is located at latitude/longitude: 31°57'20.72"/-103°35'58.32.
6. TEMA was granted an exception to Statewide Rule 32 for the Kyle 24 Lease (Permit No. 27660), effective May 17, 2016 to August 15, 2016 to flare a maximum volume of 3,000 MCF per day. The permit was granted in case gas needed to be flared due to equipment failure or plant shut-downs.
7. TEMA is requesting an extension to the previous exception for a period of two years, effective August 16, 2016 to August 15, 2018, in the event gas needs to be flared due to a system disruption, including equipment failure or plant shut-downs.

CONCLUSIONS OF LAW

1. 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. Title 16, Texas Administrative Code 3.32(h) (4) provides for an exception for more than 180 days and for volumes greater than 50 Mcf per day.

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 Kyle 24 Lease Tank Battery to flare a maximum of 3,000 MCF per day for a period of two years, effective August 16, 2016 to August 15, 2018.

Respectfully submitted,



Karl Caldwell
Technical Examiner



Marshall Enquist
Administrative Law Judge