



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL AND GAS DOCKET NO. 01-0300404

THE APPLICATION OF EP ENERGY E&P COMPANY, L.P. FOR AN EXCEPTION TO STATEWIDE RULE 32 TO FLARE CASINGHEAD GAS FROM THE HIXON WEST CPF LEASE, EAGLEVILLE (EAGLE FORD-1) FIELD, LA SALLE COUNTY, TEXAS

HEARD BY: Richard Eyster, P.G. - Technical Examiner
Dana Avant Lewis - Administrative Law Judge

HEARING DATE: June 30, 2016

CONFERENCE DATE: November 15, 2016

APPEARANCES:

APPLICANT:
Mark Hanna
Matt Immel

REPRESENTING:

EP Energy E&P Company, L.P.

EXAMINERS' REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

EP Energy E&P Company, L.P. ("EP") requests an exception to 16 Texas Administrative Code §3.32 to flare casing-head gas from the Hixon West CPF Lease, Eagleville (Eagle Ford-1) Field, La Salle County, Texas. The application is not protested. The Administrative Law Judge and the Technical Examiner (collectively the Examiners) recommend approval of the application, as requested by EP.

DISCUSSION OF THE EVIDENCE

Title 16, §3.32 of the Texas Administrative Code ("TAC") governs the utilization for legal purposes of natural gas produced under the jurisdiction of the Railroad Commission. Specifically, 16 TAC §3.32(h) provides that an exception to flare casing-head gas in volumes greater than fifty thousand cubic feet of natural gas per day (50 MCFPD) may be granted administratively for a period up to 180 days. Furthermore, flaring exceptions beyond the 180 days shall be granted only in a final order signed by the Commission. Statewide Rule 32 contains no notice of application requirements for hearings such as the immediate case. However, Commission practice has been to provide all operators of

record (typically those on the Commission's most recent proration schedule), which offset the applied for well's tract and are in the same field as the applied for well, a Notice of Hearing for an exception to flare gas. All offset operators in the subject field were notified of the hearing.

EP received a 180 day administrative flaring exception (Flare Permit No. 27173) from 01/12/2015 through 07/12/2015. On July 10, 2015, EP submitted a written request to schedule the subject hearing, which occurred on June 30, 2016. EP is requesting to flare 5,000 mcf/d from the Hixon West CPF Lease, Eagleville (Eagle Ford-1) Field, La Salle County. EP is requesting the flaring authority because of continuing upsets in their gas gathering system due to pressure issues from new wells coming on line and continuing compressor upsets at the gas processing plant. EP does not see the pipeline pressure and compressor upset issues being resolved within the next two years. Therefore EP is requesting flaring authority for a period of two years from 07/13/2015 through 07/13/2017. EP believes that if they are not allowed to continue flaring they will have to shut in the wells possibly causing harm to the wells.

The Examiners recommend that EP's request for flaring authority for 5,000 mcf/d for a period of two years, from 07/13/2015 through 07/13/2017.

FINDINGS OF FACT

1. EP Energy E&P Company, L.P. is requesting an exception to 16 Texas Administrative Code §3.32 to flare 5,000 mcf/d casinghead gas from the Hixon West CPF Lease, Eagleville (Eagle Ford-1) Field, La Salle County, from 07/13/2015 through 07/13/2017.
2. The Oil and Gas Division administratively approved EP's application to flare casing-head gas for 180 days.
3. EP requested a hearing to consider flaring casing-head gas derived from the subject field through the subject wells on July 10, 2015.
4. EP expects pipeline and compressor problems to continue for two years.
5. If the flaring authority is not granted EP will have to shut in its wells resulting in the waste of recoverable hydrocarbons.
6. An exception to Statewide Rule 32 to flare or vent gas will allow EP to continue to produce from their leases.

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 5,000 mcf/d of casing-head gas derived from the Hixon West CPF Lease, Eagleville (Eagle Ford-1) Field, La Salle County, Texas satisfies the requirements of Title 16, Texas Administrative Code §3.32.

EXAMINERS' RECOMMENDATION

Based on the above findings of fact and conclusions of law, the Examiners recommend that the Commission grant EP Energy E&P Company, L.P. a two year exception to flare 5,000 mcf/d casing-head gas from 07/13/2015 through 07/13/2017 from the Hixon West CPF Lease, Eagleville (Eagle Ford-1) Field, La Salle County, Texas.

Respectfully submitted,



Richard Eyster, P.G.
Technical Examiner



Dana Avant Lewis
Administrative Law Judge