



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL AND GAS DOCKET NO. 01-0301280

THE APPLICATION OF EP ENERGY E&P COMPANY, LP, FOR AN EXCEPTION TO STATEWIDE RULE 32 FOR THE HINOJOSA CPF, RITCHIE FARMS NORTH CPF, SCOTT NORTH CPF, AND WHITWELL CPF, IN THE EAGLEVILLE (EAGLE FORD-1) FIELD, DIMMIT AND LA SALLE COUNTIES, TEXAS

OIL AND GAS DOCKET NO. 01-0301282

THE APPLICATION OF EP ENERGY E&P COMPANY, LP, FOR AN EXCEPTION TO STATEWIDE RULE 32 FOR THE RITCHIE FARMS SOUTH CPF, AND THE RITCHIE FARMS SOUTHWEST CPF IN THE EAGLEVILLE (EAGLE FORD-1) FIELD, DIMMIT AND LA SALLE COUNTIES, TEXAS

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

HEARING DATE: September 21, 2016

CONFERENCE DATE: November 15, 2016

APPEARANCES:

Mark Hanna
Matt Immel

REPRESENTING:

EP Energy E&P Company, LP

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Pursuant to Statewide Rule 32 (16 Tex. Admin. Code § 3.32) EP Energy E&P Company, LP (EP) requests a two year exception to flare gas from seven central production facilities (CPF's) in the Eagleville (Eagle Ford-1) Field in Dimmit and La Salle Counties, Texas.

The application was not protested. The Technical Examiner and the Administrative Law Judge (collectively the Examiners), recommend two-year exceptions to Statewide

Rule 32 as described below.

DISCUSSION OF 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. Since January 2011, EP has built and now operates 27 CPFs in the Eagle Ford–21 of which are large facilities and six are smaller—and more than 300 miles of pipeline. This request pertains to seven CPFs in EP’s Eagle Ford activities.

Prior to sales, the gas requires treatment to remove H₂S and liquids. EP is selling most of the gas it produces at the subject facilities. However, it believes the exceptions are necessary due to continued capacity issues such as unscheduled downtime, upset conditions, and high line pressures, all of which occur regularly in this area. These facilities have received administrative permits to flare casinghead gas for a total of 180 days each and a two year permit by Final Order No. 01-0291057, with an effective date of 08/20/2014 through 08/19/2016. On 07/26/2016, EP requested a hearing to extend the flaring authority for an additional two years.

For all of the subject facilities, EP has taken specific steps to improve its gathering, and when necessary, treatment systems. Sour gas treatment has been consolidated at two Texstar facilities. EP provides production forecasts to Kinder Morgan to anticipate potential constraints on gas sales. EP has seen a 45 percent to 65 percent reduction in flaring since August 2014, as a result of these conservation measures. Each facility includes two flares. A low pressure flare is used to combust vapors coming off common oil and produced water storage tanks. A high pressure flare is used in the event of unscheduled downtime, upset issues, and high line pressures. The high pressure flare is sized for peak associated gas flow rates, including lift gas, which in some cases is imported from off-lease.

Hinojosa CPF

The Hinojosa CPF is a large facility receiving sour gas from a number of wells on the Hinojosa lease. Gas produced through this facility is wet and sour and is sent by low-pressure pipeline to the Texstar Valley Wells Road Treatment Plant. Treated gas is transmitted to the Kinder Morgan Camino Real Pipeline. EP has flared varying amounts of gas per day at this CPF since February 2014, with a maximum of 5,526 MCF flared on October 29, 2014, the result of a catastrophic compressor failure. EP is requesting to flare 7,000 mcf/d from: 08/20/2016 through 08/20/2018.

Ritchie Farms North CPF

The Ritchie Farms North CPF is a large facility receiving sour gas from a number of wells on the Ritchie Farms lease. Gas produced through this facility is wet and sour and

is sent by low-pressure pipeline to the Texstar Valley Wells Road Treatment Plant. Treated gas is transmitted to the Kinder Morgan Camino Real Pipeline. EP has flared varying amounts of gas per day at this CPF since February 2014, with a maximum of 4,975 MCF flared on July 28, 2014. Current daily gas production is about 5,000 MCF per day. EP is requesting authority to flare up to 7,000 MCF gas per day from August 20, 2016, through August 20, 2018.

Scott CPF

The Scott CPF is a large facility receiving sour gas from a number of wells on the Scott Ranch lease. Gas produced through this facility is wet and sour and is sent by low-pressure pipeline to the Texstar Valley Wells Road Treatment Plant. Treated gas is transmitted to the Kinder Morgan Camino Real Pipeline. EP has flared varying amounts of gas per day at this CPF since February 2014. EP is requesting authority to flare up to 3,000 MCF gas per day from August 20, 2016, through August 19, 2018.

Scott-North CPF

The Scott-North CPF currently serves five wells. Gas produced from these wells is wet and sour (9,000 ppm H₂S) and is sent by low-pressure pipeline to the Texstar Lancaster plant for treatment. The gas stream is treated by an H₂S scavenging vessel before flaring through the high pressure flare. EP has flared varying amounts of gas per day at this CPF since February. EP is requesting authority to flare up to 500 MCF gas per day from August 20, 2016, through August 20, 2018.

Whitwell CPF

The Whitwell CPF is a large facility receiving sour gas from a number of wells on the Whitwell lease. Gas produced through this facility is wet and sour and is sent by low-pressure pipeline to the Texstar Valley Wells Road Treatment Plant. Treated gas is transmitted to the Kinder Morgan Camino Real Pipeline. EP has flared varying amounts of gas per day at this CPF since February 2014. EP is requesting authority to flare up to 3,000 MCF gas per day from August 20, 2016, through August 20, 2018.

Ritchie Farms South CPF

The Ritchie Farms South CPF is a large facility receiving sweet gas from a number of wells on the Ritchie Farms lease. Gas produced through this facility is compressed at the CPF then sold into Kinder Morgan Camino Real Pipeline. EP has flared varying amounts of gas per day at this CPF since February 2014. EP is requesting authority to flare up to 5,000 MCF gas per day from August 20, 2016, through August 20, 2018.

Ritchie Farms Southwest CPF

The Ritchie Farms Southwest CPF is a large facility receiving sweet gas from a number of wells on the Ritchie Farms lease. Gas produced through this facility is compressed at the CPF then sold into Kinder Morgan Camino Real Pipeline. EP has flared varying amounts of gas per day at this CPF since February 2014. EP is requesting authority to flare up to 5,000 MCF gas per day from August 20, 2016, through August 20, 2018.

FINDINGS OF FACT

1. Proper 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 seven central processing facilities operated by EP Energy E&P Company, LP, subject to this matter are the: Scott-North, Ritchie Farms South, Ritchie Farms Southwest, Ritchie Farms North, Hinojosa, Whitwell, and Scott.
3. These central processing facilities have received a two year flaring exception by Final Order No. 01-0291057 with an effective date of 08/20/2014 through 08/19/2016.
4. On July 26, 2016, EP requested a hearing to extend the flaring authority for two years, from 08/20/2016 through 08/20/2018.
5. The gas produced through the subject facilities requires treatment to remove H₂S and liquids.
6. The gathering, treatment and transmission systems available to EP are regularly experiencing capacity issues such as unscheduled downtime, upset issues, and high line pressures.
7. EP has taken specific steps to improve its gathering, and when necessary, treatment systems.

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. All notice requirements have been satisfied. 16 Tex. Admin. Code § 1.45
3. The requested exception meets the requirements of Statewide Rule 32. 16 Tex. Admin Code § 3.32

RECOMMENDATION

Based on the above findings of fact and conclusions of law, the Examiners recommend EP Energy E&P Company, LP, be granted authority to flare gas from the seven subject central processing facilities at the volumes stated above for a period of two years effective 08/20/2016 through 08/20/2018.

Respectfully submitted,


Richard Eyster, P.G.
Technical Examiner


Dana Avant Lewis
Administrative Law Judge