



# RAILROAD COMMISSION OF TEXAS

## HEARINGS DIVISION

**OIL AND GAS DOCKET NO. 08-0300687**

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**THE APPLICATION OF OXY USA INC. FOR AN EXCEPTION TO 16 TAC §3.32 FOR THE MOBIL FACILITY (LEASE NO. 08-027540) COLLIE (DELAWARE) FIELD, WARD COUNTY, TEXAS**

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**OIL AND GAS DOCKET NO. 08-0300808**

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**THE APPLICATION OF OXY USA INC. FOR AN EXCEPTION TO 16 TAC §3.32 FOR THE MOPAC FACILITY, COLLIE (DELAWARE) FIELD, REEVES COUNTY, TEXAS**

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**OIL AND GAS DOCKET NO. 08-0300809**

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**THE APPLICATION OF OXY USA INC. FOR AN EXCEPTION TO 16 TAC §3.32 FOR THE COLLIE B FACILITY, COLLIE (DELAWARE) AND THE WOLFBONE (TREND AREA) FIELDS, REEVES COUNTY, TEXAS**

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**OIL AND GAS DOCKET NO. 08-0300810**

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**THE APPLICATION OF OXY USA INC. FOR AN EXCEPTION TO 16 TAC §3.32 FOR THE COLLIE A FACILITY, COLLIE (DELAWARE) FIELD, REEVES COUNTY, TEXAS**

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**HEARD BY:** Karl Caldwell – Technical Examiner  
Ryan Lammert – Administrative Law Judge

**HEARING DATE:** August 12, 2016  
**RECORD CLOSED:** October 4, 2016  
**CONFERENCE DATE:** November 15, 2016

<b>APPEARANCES:</b>	<b>REPRESENTING:</b>
<b>APPLICANT:</b>	OXY USA Inc.
John Hicks Brent Corwin	

## EXAMINERS' REPORT AND RECOMMENDATION

### STATEMENT OF THE CASE

OXY USA Inc. ("OXY") requests an extension/renewal of its current exception to Statewide Rule 32 for the Mobil Facility (Lease No. 08-027540), Mopac Facility, Collie B Facility, and Collie A Facility, Collie (Delaware), and Wolfbone (Trend Area) Fields, Ward and Reeves Counties, 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 extension/renewal of an exception to Statewide 32 for each of the applications as requested by OXY.

### 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 May 19, 2016 the Commission received a hearing request from OXY for an exception renewal to Statewide Rule 32 for the Mobil Facility (Flare Permit No. 25977). On June 7, 2016, the Commission received a hearing request from OXY for an exception renewal to Statewide Rule 32 for the Mopac Facility (Flare Permit No. 25627), the Collie B Facility (Flare Permit No. 25468), and the Collie A Facility (Flare Permit No. 25975).

For the subject applications, OXY has been previously granted an exception to Statewide Rule 32 to flare/vent gas. Each facility is currently connected to a gathering system, and OXY sells the maximum volume of gas possible every day. However, due to pipeline capacity constraints OXY flares/vents gas when there is a lack of pipeline capacity.

#### **Mobil Facility (Lease No. 08-027540, Permit No. 25977)**

The Mobil Facility is currently connected to a Regency/Energy Transfer system. OXY is able to sell gas every day, however, OXY is unable to sell all gas every day due to pipeline constraints. The current pipeline in an old pipeline that is unable to handle the current capacity in the area. As a result, OXY has been flaring or venting gas due to these pipeline constraints. Both OXY and Energy Transfer have been building new infrastructure to address the pipeline constraint issues. The new pipeline will take five of OXY's highest gas producing facilities and route this gas to the new pipeline, which in turn, will reduce the capacity into the existing pipeline system. OXY is seeking authority to cover the time period from when the current flaring permit expires until the time when pipeline issues have been resolved and flaring is no longer necessary. OXY originally estimated that a new pipeline would be operational by the end of August 2016, but OXY

experienced some technical issues that were resolved as of September 16, 2016. OXY is requesting authority to flare a maximum of 800 MCF per day from May 21, 2016 to September 16, 2016.

#### **Mopac Facility (Permit No. 25627)**

The Mopac Facility is currently connected to a Regency/Energy Transfer system. OXY is able to sell gas every day, however, OXY is unable to sell all gas every day due to pipeline constraints. The current pipeline in an old pipeline that is unable to handle the current capacity in the area. As a result, OXY has been flaring or venting gas due to these pipeline constraints. The request for an exception to Statewide Rule 32 is not a long-term flaring request. Both OXY and Energy Transfer have been building new infrastructure to address the pipeline constraint issues. The new pipeline will take five of OXY's highest gas producing facilities and route this gas to the new pipeline, which in turn, will reduce the capacity into the existing pipeline system. OXY is seeking authority to cover the time period from when the current flaring permit expires until the time when pipeline issues have been resolved and flaring is no longer necessary. OXY originally estimated that a new pipeline would be operational by the end of August 2016, but OXY experienced some technical issues that were resolved as of September 16, 2016. OXY is requesting authority to flare a maximum of 150 MCF per day from June 16, 2016 to September 16, 2016.

#### **Collie B Facility (Permit No. 25468)**

The Collie B Facility is currently connected to a Regency/Energy Transfer system. OXY is able to sell gas every day, however, OXY is unable to sell all gas every day due to pipeline constraints. The current pipeline in an old pipeline that is unable to handle the current capacity in the area. As a result, OXY has been flaring or venting gas due to these pipeline constraints. The request for an exception to Statewide Rule 32 is not a long-term flaring request. Both OXY and Energy Transfer have been building new infrastructure to address the pipeline constraint issues. The new pipeline will take five of OXY's highest gas producing facilities and route this gas to the new pipeline, which in turn, will reduce the capacity into the existing pipeline system. OXY is seeking authority to cover the time period from when the current flaring permit expires until the time when pipeline issues have been resolved, and flaring is no longer necessary. OXY originally estimated that a new pipeline would be operational by the end of August 2016, but experienced some technical issues that were resolved as of September 16, 2016. OXY is requesting authority to flare a maximum of 810 MCF per day from June 7, 2016 to September 16, 2016.

#### **Collie A Facility (Permit No. 25975)**

The Collie A Facility is currently connected to a Regency/Energy Transfer system. OXY sells gas every day, however, OXY is unable to sell all gas every day due to pipeline constraints. The current pipeline in an old pipeline that is unable to handle

the current capacity in the area. As a result, OXY has been flaring or venting gas due to these pipeline constraints. The request for an exception to Statewide Rule 32 is not a long-term flaring request. Both OXY and Energy Transfer have been building new infrastructure to address the pipeline constraint issues. The new pipeline will take five of OXY's highest gas producing facilities and route this gas to the new pipeline, which in turn, will reduce the capacity into the existing pipeline system. OXY is seeking authority to cover the time period from when the current flaring permit expires until the time when pipeline issues have been resolved and flaring is no longer necessary. OXY originally estimated that a new pipeline would be operational by the end of August 2016, but OXY experienced some technical issues that were resolved as of September 16, 2016. OXY is requesting authority to flare a maximum of 1,510 MCF per day from June 7, 2016 to September 16, 2016.

### 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 applications.
2. In each of the subject applications the facilities are currently connected to a Regency/Energy Transfer gas gathering system.
3. The current pipeline in an old pipeline that is unable to handle the current capacity in the area. OXY has been flaring or venting gas due to these pipeline constraints.
4. OXY and Energy Transfer have been building new infrastructure to address the pipeline constraint issues.
5. The new pipeline will take five of OXY's highest gas producing facilities and route this gas to the new pipeline, which will reduce the capacity into the existing pipeline system.
6. OXY is seeking flare authority from the date each of the the current flaring permits expire until September 16, 2016.
7. OXY has been granted an exception to Statewide Rule 32 to flare/vent gas) for each of the facilities, which is due to expire.
  - a. Flare Permit No. 25977 for the Mobil Facility expires May 20, 2016.
  - b. Flare Permit No. 25627 for the Mopac Facility expires June 15, 2016.
  - c. Flare Permit No. 25468 for the Collie B Facility expires June 6, 2016.

- d. Flare Permit No. 25975 for the Collie A Facility expires June 6, 2016.
8. The Commission received a hearing request from OXY for an exception renewal to Statewide Rule 32 for the Mobil Facility (Flare Permit No. 25977) on May 19, 2016.
9. The Commission received a hearing request from OXY for an exception renewal to Statewide Rule 32 for the Mopac Facility (Flare Permit No. 25627), the Collie B Facility (Flare Permit No. 25468), and the Collie A Facility (Flare Permit No. 25975) on June 7, 2016.
10. OXY is requesting authority to flare a maximum of 150 MCF per day from June 16, 2016 to September 16, 2016 for the Mobil Facility.
11. OXY is requesting authority to flare a maximum of 150 MCF per day from June 16, 2016 to September 16, 2016 for the Mopac Facility.
12. OXY is requesting authority to flare a maximum of 810 MCF per day from June 7, 2016 to September 16, 2016 for the Collie B Facility.
13. OXY is requesting authority to flare a maximum of 1,510 MCF per day from June 7, 2016 to September 16, 2016 for the Collie A Facility.

### **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 Mobil Facility, Mopac Facility, Collie B Facility and Collie A Facility, from the date the previous flare permit expires, to September 16, 2016 as requested by OXY.

Respectfully submitted,

Handwritten signature of Karl Caldwell in blue ink.

Karl Caldwell  
Technical Examiner

Handwritten signature of Ryan Lammert in blue ink.

Ryan Lammert  
Administrative Law Judge