



RAILROAD COMMISSION OF TEXAS HEARINGS DIVISION

OIL AND GAS DOCKET NO. 7C-0300909

THE APPLICATION OF EP ENERGY E&P COMPANY, LP, FOR AN EXCEPTION TO STATEWIDE RULE 32 FOR THE UNIVERSITY BLOCK 12 LEASE, WELL NO. 1217AH AND THE UNIVERSITY SALT DRAW LEASE, WELL NO. 41525 AH, LIN (WOLFCAMP) FIELD, REAGAN AND CROCKETT 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:

REPRESENTING:

APPLICANT:
Mark Hanna
Matt Immel

EP Energy E&P Company, LP

EXAMINERS' 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 University Block 12 Lease, Well No. 1217AH and the University Salt Draw Lease, Well No. 41525 AH, Lin (Wolfcamp) Field, Reagan and Crockett Counties, Texas. All offset operators in the subject field were notified of the hearing.

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 THE EVIDENCE

16 TAC §3.32(h) provides that an exception to flare casinghead gas in volumes greater than 50 MCFGD 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.

EP obtained an administrative permit, Permit No. 25476, for the University Block 12 Lease, Well No. 1217AH. The well was permitted to flare 500 MCFD of casinghead gas for 180 days, from 01/15/2016 through 07/14/2016. EP also obtained an administrative permit, Permit No. 25475, for University Salt Draw, Well No. 4125AH. The well was permitted to flare 2,000MCFD of casinghead gas for 180 days, from 01/11/2016 through 07/11/2016.

On 06/19/2016, EP requested a hearing to extend the flaring authority for an additional two years for both wells.

EP is requesting to flare casinghead gas from the University Block 12 Lease, Well No. 1217AH, for two years from 04/12/2016 through 04/12/2018, at a volume of 1,000 MCF/D. EP is also requesting to flare casinghead gas from the University Salt Draw, Well No. 4125AH, for two years from 07/15/2016 through 07/15/2018, at a volume of 300 MCF/D. EP believes the two year exceptions are necessary while a pipeline is being connected to the University Block 12 Lease, Well No. 1217AH and both wells need the exception due to continued capacity issues such as unscheduled downtime, upset conditions, and high line pressures, all of which occur regularly in this area.

Without a Final Order from the Commission authorizing the continued flaring of casinghead gas from the well, EP stated they would have to shut in production from the well, possibly resulting in waste of hydrocarbon reserves.

FINDINGS OF FACT

1. Proper notice of this hearing was given to all parties entitled to notice at least 10 days prior to the hearing.
2. EP obtained an administrative permit, Permit No. 25476, for the University Block 12 Lease, Well No. 1217AH. The well was permitted to flare 500 MCFD of casinghead gas for 180 days, from 01/15/2016 through 07/14/2016. On February 16, 2016.
3. EP also obtained an administrative permit, Permit No. 25475, for the University Salt Draw, Well No. 4125AH. The well was permitted to flare

2,000MCFD of casinghead gas for 180 days, from 01/11/2016 through 07/11/2016.

4. The gathering, treatment and transmission systems available to EP are regularly experiencing capacity issues such as unscheduled downtime, upset issues, and high line pressures.
5. EP has taken specific steps to improve its gathering, and when necessary, treatment systems.
6. On June 19, 2016, EP requested a hearing to extend its flaring authority for two years pursuant to Statewide Rule 32 for Well No. 1217AH and Well No. 4125AH.
7. EP is requesting to flare 300 MCF/D casinghead gas for the Well No. 1217AH from 07/15/2016 through 07/15/2018 and 1,000 mcf/d from Well No. 4125AH from 04/12/2016 through 04/12/2018.
8. An exception to Statewide Rule 32 to flare casinghead gas will allow EP to continue to produce from the University Block 12 Lease, Well No. 1217AH and the University Salt Draw Lease, Well No. 41525 AH, Lin (Wolfcamp) Field, Reagan and Crockett Counties, Texas.

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

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 University Block 12 Lease, Well No. 1217AH, and the University Salt Draw Lease, Well No. 41525 AH, Lin (Wolfcamp) Field, Reagan and Crockett Counties, Texas as requested by EP Energy E&P Company, LP.

Respectfully submitted,



Richard Eyster, P.G.
Technical Examiner



Dana Avant Lewis
Administrative Law Judge