



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL & GAS DOCKET NO. 08-0302040

THE APPLICATION OF ABRAXAS PETROLEUM CORPORATION FOR AN EXCEPTION TO STATEWIDE RULE 32 TO FLARE GAS FROM THE CAPRITO 83 LEASE AND FROM THE CAPRITO 98 LEASE, ABRAXAS (CHERRY CANYON) FIELD, WARD COUNTY, TEXAS

HEARD BY: Richard Eyster, P.G. – Technical Examiner
Marshall Enquist – Administrative Law Judge

HEARING DATE: November 29, 2016

CONFERENCE DATE: January 24, 2017

APPEARANCES:

REPRESENTING:

APPLICANT:
George Neale
Jeff Marshall

Abraxas Petroleum Corporation

EXAMINERS' REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Abraxas Petroleum Company., (Abraxas) seeks an exception to Statewide Rule 32 to flare casinghead gas from the Caprito 83 and Caprito 98 Leases, Abraxas (Cherry Canyon) Field, Ward County, Texas for a period of two years. All offset operators in the subject field were notified of the hearing. The application is not protested.

The Technical Examiner and the Administrative Law Judge (collectively the Examiners) recommend that the application be approved.

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.

Abraxas obtained an administrative permit, (Permit No. 22136), for the Caprito 83 Lease, which authorized Abraxas to flare 230 MCFD of casinghead gas for 180 days, from 03/23/2015 through 09/20/2015. Abraxas also obtained an administrative permit, (Permit No. 22135), for the Caprito 98 Lease, which authorized Abraxas to flare 192 MCFD of casinghead gas for 180 days, from 03/23/2015 through 09/20/2015.

On October 06, 2016, Abraxas requested a hearing to obtain a flaring exception by Final Order. Abraxas seeks an exception to Statewide Rule 32 to flare casinghead gas from the Caprito 83 and Caprito 98 Leases, Abraxas (Cherry Canyon) Field, Ward County, Texas for a period of two years. Abraxas is requesting a flaring exception from November 29, 2016 through November 29, 2018, at a volume of 300 mcf/d for the Caprito 83 Lease and 250 mcf/d for the Caprito 98 Lease.

Abraxas stated that the leases are connected to Energy Transfer Partners (Energy) sales pipeline in the area. Energy is experiencing ongoing problems at their plant which has forced them to curtail or shut in wells going to the plant. Energy is also accepting gas from other operators in the area which is contributing to higher volumes of gas to their pipeline which has elevated the line pressure for Abraxas's wells. The resulting line pressure is greater than the maximum operating pressure of Abraxas's separation equipment at these leases.

Without the flaring exception Abraxas stated they would have to shut in production from the wells, possibly resulting in waste of hydrocarbon reserves.

FINDINGS OF FACT

1. Notice of this hearing was given to all parties entitled to notice at least ten days prior to the date of the hearing.
2. Abraxas obtained an administrative permit, (Permit No. 22136), for the Caprito 83 Lease, which authorized Abraxas to flare 230 MCFD of casinghead gas for 180 days, from 03/23/2015 through 09/20/2015.
3. Abraxas obtained an administrative permit, (Permit No. 22135), for the Caprito 98 Lease, which authorized Abraxas to flare 192 MCFD of casinghead gas for 180 days, from 03/23/2015 through 09/20/2015.
4. On October 6, 2016 Abraxas requested a hearing to extend its flaring authority pursuant to Statewide Rule 32.
5. Abraxas is requesting a two year flaring exception for the Caprito 83 Lease at a volume of 300 mcf/d from November 29, 2016 through November 29, 2018.
6. Abraxas is requesting a two year flaring exception for the Caprito 98 Lease at a volume of 250 mcf/d from November 29, 2016 through November 29, 2018.

7. The leases are connected to an interruptible pipeline.
8. This system has led to an unreliable sales situation for this well as it can only flow when pipeline pressures allow.
9. An exception to Statewide Rule 32 to flare casinghead gas will allow Abraxas to continue to produce oil from the Caprito Leases.

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.
3. The requested exception to flare casinghead gas for the Caprito 83 and 98 leases from November 29, 2016 through November 29, 2018 meets the requirements of Statewide Rule 32. 16 Tex. Admin. Code § 3.32(h).

EXAMINERS' RECOMMENDATION

Based on the above findings of fact and conclusions of law, the Examiners recommend the Commission enter an order granting the application of Abraxas Petroleum Corporation to flare casinghead gas at a rate of 300mcf/d from the Caprito 83 Lease and 250 mcf/d from the Caprito 98 Lease, Abraxas (Cherry Canyon) Field, Ward County, Texas for a period of two years beginning November 29, 2016 through November 29, 2018.

Respectfully submitted,



Richard Eyster, P.G.
Technical Examiner



Marshall Enquist
Administrative Law Judge