



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL & GAS DOCKET NO. 08-0302189

THE APPLICATION OF APACHE CORPORATION FOR AN EXCEPTION TO STATEWIDE RULE 32 TO FLARE GAS FROM THE COYOTE 4601 LEASE, WELL NO. P-1H, PHANTOM (WOLFCAMP) FIELD, PECOS COUNTY, TEXAS

HEARD BY: Richard Eyster, P.G. – Technical Examiner
Jennifer Cook – Administrative Law Judge

HEARING DATE: December 5, 2016

CONFERENCE DATE: January 24, 2017

APPEARANCES: **REPRESENTING:**
APPLICANT: Apache Corporation
Buddy Richter

EXAMINERS' REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Apache Corporation (Apache) seeks an exception to Statewide Rule 32 to flare casinghead gas from the Coyote 4601 Lease, Well No. P-1H, Pecos 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.

Apache obtained an administrative permit, (Permit No. 24077, for the Coyote 4601 Lease, Well No. P-1H, (P-1H Well) which authorized Apache to flare 651 MCFD of casinghead gas for 90 days, from 09/01/2015 through 11/29/2015. Apache also applied for an administrative permit, which would authorize Apache to flare 318 MCFD of casinghead gas for 90 days, from 11/30/2015 through 02/28/2016.

On October 18, 2016, Apache requested a hearing to obtain a flaring exception by Final Order. Apache seeks an exception to Statewide Rule 32 to flare casinghead gas from the Coyote 4601 Lease, Well No. P-1H, Pecos County, Texas for a period of two years at a volume of 250 mcf/d. Apache is requesting a flaring exception from January 24, 2017 through January 24, 2019.

Apache stated that the closest gathering pipeline is operated by Enterprise Products Operating, LLC and is 3.6 miles north of the lease. Apache stated that the capital expenditure and monthly expense to install and operate is greater than the return on investment.¹

Without the flaring exception Apache stated they would have to shut in production from the well, 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. Apache obtained an administrative permit, (Permit No. 24077), for the Coyote 4601 Lease, Well No. P-1H, (P-1H Well) which authorized Apache to flare 651 MCFD of casinghead gas for 90 days, from 09/01/2015 through 11/29/2015.
3. Apache applied for an administrative permit, which would authorize Apache to flare 318 MCFD of casinghead gas for 90 days, from 11/30/2015 through 02/28/2016.
4. On October 6, 2016 Apache requested a hearing to extend its flaring authority pursuant to Statewide Rule 32.
5. Apache is requesting a two year flaring exception for the Coyote 4601 Lease, Well No. P-1H at a volume of 250 mcf/d from January 24, 2017 through January 24, 2019.
6. The closest gathering pipeline is operated by Enterprise Products Operating, LLC and is 3.6 miles north of the lease.

¹ Apache Exhibit No. 7.

7. Apache stated that the capital expenditure and monthly expense to install and operate is greater than the return on investment.
8. An exception to Statewide Rule 32 to flare casinghead gas will allow Apache to continue to produce oil from the Coyote 4601 Lease, Well No. P-1H.

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 250 mcf/d of casinghead gas from the Coyote 4601 Lease, Well No. P-1H, Pecos County, Texas for a period of two years beginning January 24, 2017, through January 24, 2019 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 Apache Corporation to flare casinghead gas at a rate of 250 mcf/d from the Coyote 4601 Lease, Well No. P-1H, Pecos County, Texas for a period of two years beginning January 24, 2017, through January 24, 2019.

Respectfully submitted,



Richard Eyster, P.G.
Technical Examiner



Jennifer Codk
Administrative Law Judge