



# RAILROAD COMMISSION OF TEXAS

## HEARINGS DIVISION

**OIL & GAS DOCKET NO. 08-0300421**

---

**THE APPLICATION OF SHELL WESTERN E&P FOR AN EXCEPTION TO STATEWIDE RULE 32 FOR FLARE GAS PERMIT FOR THE CONN 53-2-36 LOV UNIT, WELL NO. 1H, PHANTOM (WOLFCAMP) FIELD, LOVING COUNTY, TEXAS**

---

**HEARD BY:** Peggy Laird, P.G. – Technical Examiner  
Dana Lewis – Administrative Law Judge

**HEARING DATE:** June 29, 2016

**CONFERENCE DATE:** January 24, 2017

**APPEARANCES:**

**REPRESENTING:**

**APPLICANT:**

Kelli Kenney  
Daniel Marklin  
Maureen Kovacic  
George Mullen

Shell Western E&P

**EXAMINERS' REPORT AND RECOMMENDATION**

**STATEMENT OF THE CASE**

Shell Western E&P ("Shell") seeks an exception to Statewide Rule 32 (16, Tex. Admin. Code §3.32) to flare gas from the Conn 53-2-36 LOV Unit, Well No.1H, Phantom (Wolfcamp) Field, Loving County, Texas. All offset operators in the subject field were notified of the hearing. There were no objections filed, and no protestants appeared at the hearing. The Technical Examiner and Administrative Law Judge (collectively, "Examiners") recommend approval of the exception to Statewide 32.

### 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(h) provides that an exception to flare natural gas in volumes greater than 50 MCF per day may be granted administratively for a period up to 180 days. Beyond that, Statewide Rule 32(h) provides that exceptions shall be granted only in a final order signed by the Commission. Shell was granted a permit to flare casinghead gas that will be expiring. Shell is requesting an exception to Statewide 32 to flare casinghead gas for an additional period of time until appropriate pipeline connections can be completed.

The Conn 53-2-36 LOV Unit, Well No. 1H, was completed September 17, 2015, and Shell anticipates future development to add up to 15 wells and additional infrastructure. The initial potential test for Well No. 1H was conducted on October 10, 2015, and reported oil production was 1,285 barrels of oil per day ("BBOD") and gas production was 2,020 thousand cubic feet of gas per day ("MCFD"). Shell received administrative authority (Permit No. 23932) to flare up to 1,500 MCFD for 80 days from September 26, 2015 through December 15, 2015, and for 100 days from March 9, 2016 through June 17, 2016. The Commission received a hearing request on April 29, 2016, for an exception to Statewide Rule 32 for the subject well.

The subject well is in the process of being connected to a new pipeline. Shell reported that they are committed to a gas gatherer, Avalon, who will construct the pipeline. They have experienced delays in obtaining the right-of-way from landowners for properties the pipeline will cross. Negotiations are progressing, and Shell stated the connections are expected to be completed within about 1.5 years. Shell provided an economic summary that showed the potential loss of revenue, if the well is shut in while waiting for the pipeline to be completed, would be over 10 million dollars.

Shell is requesting authority to flare up to 1,000 MCFD for two years from June 17, 2016 through June 17, 2018, at which time connections to a pipeline gathering system for sales should be completed.

### 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. There were no protests to the application.
2. The subject well received an administrative permit to flare casinghead gas for 180 days.
3. Shell is committed to a gas gatherer, Avalon, who is in the process of constructing a new pipeline.

4. Shell could experience a loss of over 10 million dollars if the well is shut in while waiting for the pipeline to be completed.

**CONCLUSIONS OF LAW**

1. All things have occurred and been accomplished to give the Commission jurisdiction in this matter. Tex. Nat. Res. Code § 81.051
2. Proper notice of this hearing was given to all parties entitled to notice at least 10 days prior to the hearing. 16 Tex. Admin. Code § 3.32
3. The requested exception to flare casinghead gas 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 that the Commission grant an exception to Statewide Rule 32 for the subject well, as requested by Shell Western E&P.

Respectfully submitted,



Peggy Laird, P.G.  
Technical Examiner



Dana Lewis  
Administrative Law Judge

