



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL & GAS DOCKET NO. 01-0302287

THE APPLICATION OF EP ENERGY E&P COMPANY, L.P. FOR EXCEPTIONS TO STATEWIDE RULE 32 TO FLARE GAS FROM THE BROWN CPF, STOREY ALTITO NORTHWEST CPF, HIXON CENTRAL CPF, NEWMAN CPF, WAREING CPF, STOREY ALTITO WEST CENTRAL CPF AND THE MALTSBERGER SOUTHWEST CPF IN THE EAGLEVILLE (EAGLE FORD-1) FIELD, LA SALLE COUNTY, TEXAS.

HEARD BY: Richard Eyster, P. G. – Technical Examiner
Ryan Lammert – Administrative Law Judge

HEARING DATE: December 29, 2016

CONFERENCE DATE: February 14, 2017

APPEARANCES:

Mark Hanna
Matt Immel

EP Energy E&P Company

EXAMINERS' REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

EP Energy E&P Company (EP) seeks exceptions to Statewide Rule 32 (16 Tex. Admin. Code §3.32) to flare gas from seven central processing facilities in the Eagleville (Eagle Ford-1) Field, La Salle County, Texas. EP seeks two-year authority to flare up to 5,000 thousand cubic feet (MCF) of gas per day (MCF/D) from each of the seven CPFs included in this application. The seven CPFs are on land that is generally contiguous. In each case, the potential need to flare 5,000 MCF/D is for the non-routine, flaring of gas; it is a failsafe measure to ensure legal disposition of all gas produced from its leases. The Examiners recommend the exceptions be granted.

DISCUSSION OF THE EVIDENCE

EP Energy E&P Company, L.P. (EPE) has been in development of its Eagle Ford facilities and infrastructure for over four years. Development has included infield gathering transporting full well stream production to Central Production Facilities (CPF's) and gas lift distribution returning compressed/dehydrated lift gas from CPF's to various wells. Infrastructure has also been placed in service to deliver gas sales via pipeline for all Eagle Ford leases.

As presented in the December, 29, 2016 Flare Permit Hearing for select EPE Eagle Ford assets, the following summarizes EPE's effort to maximize sales and use of associated gas volumes while minimizing flaring. Also summarized are ongoing engineering and operational activities to assess and further minimize flare volumes where applicable.

1. Initial CPF designs and gas pipeline takeaway capacities exhibited constraints, resulting in excessive compressor discharge pressures delivering gas to sales field wide. Efforts to eliminate these constraints and related flaring proved successful in 2014-2015 with a commercial agreement to export sour/wet gas to a third party.
2. EPE flare permit requests have been based on volumes associated with downtime of gas compression and other safety related facility upsets. As demonstrated by the submitted daily CPF flare history, the major contributing CPF flare volume is associated with the unscheduled shutdown of a single gas compressor (5.0 MMscfd). Other circumstances related to intermittent flaring are based solely on the design of fail-safe facilities and the ability to contain and temporarily flare should safety systems not function as intended.
3. Ongoing and continuous engineering and field operational activities are also underway to identify and reduce other factors contributing to flare volumes.

Statewide Rule 32 governs the utilization of gas well gas and casinghead gas produced by oil and gas wells under the jurisdiction of the Railroad Commission. These facilities have received administrative permits to flare casinghead gas for a 180 days each, the maximum time period allowed by Rule 32 for an administrative permit. The seven CPF's received two year permits by final orders.

Therefore, EP seeks a Commission final order granting two-year authority to flare up to 5,000 thousand cubic feet (MCF) of gas per day (MCF/D) from each of the seven CPF's included in these applications. In each case, the potential need to flare 5,000 MCF/D is for the non-routine, flaring of gas; it is a failsafe measure to ensure legal disposition of all gas produced from its leases. The primary cause of non-routine flaring is compressor downtime or failure. For each CPF, 5,000 MCF/D is a rate sufficient to accommodate gas at the CPF in the event of an unplanned outage of one large compressor.

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 hearing.
2. EP is requesting each of the seven CPF to flare 5,000 mcf/d of casinghead gas for two years.
 - A. Brown CPF, 5,000 mcf/d from 01/06/2017 through 01/05/2019.
 - B. Hixon Central CPF, 5,000 mcf/d from 11/19/2016 through 11/18/2018.
 - C. Maltberger SE CPF, 5,000 mcf/d from 01/09/2017 through 1/10/2019.
 - D. Newman CPF 5,000 mcf/d from 11/25/2016 through 11/24/2018.
 - E. Storey Altito NW CPF, 5,000 mcf/d from 11/15/2016 through 11/14/2018.
 - F. Storey Altito West Central CPF, 5,000 mcf/d from 12/12/2016 through 12/11/2018.
 - G. Wareing CPF, 5,000 mcf/d from 11/26/2016 through 11/25/2018.
3. EP is selling most of the gas it produces at the subject facilities via the Camino Real Pipeline.
4. Exceptions to Statewide Rule 32 authorizing gas to be flared are necessary as failsafe contingencies in the event of CPF compressor failures and occasional high line pressures. In each case, the potential need to flare 5,000 MCF/D is for the non-routine, flaring of gas.
5. For each CPF, 5,000 MCF/D is a rate sufficient to accommodate gas at the CPF in the event of an unplanned outage of one large compressor.
6. These facilities have received final orders to flare casinghead gas for a two year period each.
7. EP has successfully taken specific steps reduce the need to flare gas from the subject facilities.

8. EPE applied for hearings to extend the flaring authority more than 21 days before the administrative permits expired.

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 §§ 1.43 and 1.45.
3. EP Energy E&P Company, L.P. has met the requirements in 16 Tex. Admin. Code § 3.32 for an exception to the limitations in that section regarding the requested authority to flare gas produced from the wells connected to the subject flare points.

EXAMINERS' RECOMMENDATION

Based on the above findings of fact and conclusions of law, the Examiners recommend the Commission enter an order granting the application as requested by EP Energy E&P Company, L.P.

Respectfully submitted,



Richard Eyster, P. G.
Technical Examiner



Ryan Lammert
Administrative Law Judge