



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL AND GAS DOCKET NO. 08-0303646

THE APPLICATION OF ENCANA OIL & GAS (USA) INC. FOR AN EXCEPTION TO
16 TAC §3.32 TO FLARE CASINGHEAD GAS FROM THE WHITE-DEEP FACILITY,
SPRAYBERRY (TREND AREA) FIELD, MARTIN COUNTY, TEXAS

HEARD BY: Richard Eyster, P.G. – Technical Examiner
Clayton Hoover – Administrative Law Judge

HEARING DATE: May 11, 2017
RECORD CLOSED: May 11, 2017
CONFERENCE DATE: June 6, 2017

APPEARANCES:

REPRESENTING:

APPLICANT:

D. Davin McGinnis
James. M. Clark, P.E.

Encana Oil & Gas (USA), Inc.

EXAMINERS' REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

The captioned dockets were heard on a joint record at the May 11, 2017 hearing. The application is unopposed and the Technical Examiner and the Administrative Law Judge, (collectively the Examiners) recommend that the application be approved, as requested by Encana.

Pursuant to 16 Tex. Admin. Code §3.32, Encana Oil & Gas (USA), Inc. (Encana) seeks authority to continue flaring casinghead gas from its White-Deep Facility.

DISCUSSION OF THE EVIDENCE

Mr. James M. Clark testified as an expert in petroleum engineering on behalf of Encana. Mr. Clark is a consulting Petroleum Engineer.

Applicable Rules

In general, 16 Tex. Admin. Code §3.32 ("SWR 32") governs the utilization for legal purposes of natural gas produced under the jurisdiction of the Railroad Commission. Titled "Exceptions," SWR 32(h) states:

Requests for exceptions for more than 180-days and for volumes greater than 50 mcf of hydrocarbon gas per day shall be granted only in a final order signed by the commission.

Mr. Clark testified that Encana had been granted an Administrative Flare Permit (Permit No. 28295) allowing Encana to flare 300 Mcf/d for 180 days, from 9/15/2016 through 03/15/2017. Encana is now requesting a two-year exception to flare casinghead gas from its White-Deep Facility at a rate of 9,000 Mcf per month from 03/16/ 2017 through 03/15/2019. Encana requests that it be granted flexibility in flaring casinghead gas by allowing it a monthly volume limitation as opposed to a daily volume limitation. Encana argues that a monthly volume limitation will provide it greater ability to adhere to the Commission's flaring rules.

There are six wells tied into the White Deep Facility. Five of the wells produce "sweet" gas and are tied into a sales line. The H₂S concentration (> 600 ppm) in the other well, the White Deep No. 1 Well is above the pipeline specifications. Encana believes it is not economically feasible to sweeten and sell the gas from the White Deep No. 1 Well and all the gas for the well is now being flared. The DCP gathering line that the other five wells are tied into has experienced periodic interruptions since the fall of 2016. During these interruptions which can last over a week, 100% of the casinghead gas from the six wells on the White-Deep Lease is flared.

FINDINGS OF FACT

1. Encana Oil & Gas (USA), Inc. ("Encana") seeks exception to 16 Texas Admin. Code §3.32 to flare casinghead gas derived from the White-Deep Lease for two years at a rate of 9,000 mcf per month from 03/16/2017 through 03/15/2019.
2. Notice of Hearing was provided to all immediate offsetting operators adjacent to the Subject Lease.
3. Encana received administrative authority to flare casing-head gas volumes beyond 50 MCFGD on the Subject Lease prior to the hearing held on May 11, 2017.
4. Encana submitted hearing requests to the Commission for the Subject Application on March 10, 2017.
5. Encana has shown necessity for flaring beyond 180 days at volumes above 50 MCFG per day in the Subject Applications.

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6. Approval of the Subject Application is reasonable and appropriate, pursuant to 16 Tex. Admin. Code §3.32,

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. Legally sufficient notice has been provided to all affected persons.
3. The requested rates and time frames to flare casinghead gas, as described in Finding of Fact No. 1, satisfies the requirements of Title 16 TAC §§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 flare up casinghead gas from the White-Deep Facility as described in Finding of Fact No. 1 above.

Respectfully submitted,



Richard Eyster, P.G.
Technical Examiner



Clayton Hoover
Administrative Law Judge