



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL AND GAS DOCKET NO. 08-0304102

THE APPLICATION OF ENCANA OIL & GAS (USA) INC. FOR AN EXCEPTION TO 16 TAC §3.32 FOR THE MILLER 20 LEASE, CRABTREE 19 LEASE, CRABTREE 19 A LEASE AND TURNER 21 LEASE, SPRAYBERRY (TREND AREA) FIELD, HOWARD 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 each of the subject leases as follows:

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. 29325) allowing Encana to flare 1,680 Mcf/d for 180 days, from October 1, 2016 through March 31, 2017. Encana is requesting a six-month exception to flare casinghead gas from its Miller Lease Central Flare Point at a rate of 10,000 Mcf per month from April 1, 2017 through November 15, 2017. 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 seven wells tied into the Miller Lease Central Flare Point (MCFP). The wells produce sour gas and are tied into a sales line. The H₂S concentration (> 600 ppm) is currently above the pipeline specifications. Encana believes it is now economic to sweeten and sell the gas from this facility. Encana expects to have H₂S scavengers installed on the seven wells and resuming sales by November 15, 2017.

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 Miller Lease Central Flare Point at a rate of 10,000mcf per month from April 1, 2017 through November 15, 2017.
2. Notice of Hearing was provided to all immediate offsetting operators adjacent to the Subject Leases.
3. Encana received administrative authority to flare casinghead gas volumes beyond 50 MCFGD on the Subject Leases 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 Application.

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 exceptions to flare up casinghead gas from the Miller Lease Central Flare Point as described in Finding of Fact No. 1 above.

Respectfully submitted,


Richard Eyster, P.G.
Technical Examiner


Clayton Hoover
Administrative Law Judge