



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL & GAS DOCKET NO. 7C-0303916

THE APPLICATION OF EP ENERGY E&P COMPANY, LP, FOR AN EXCEPTION TO STATEWIDE RULE 32 FOR FLARE GAS PERMIT FOR VARIOUS CENTRAL PRODUCTION FACILITIES FOR THE LIN (WOLFCAMP) FIELD, CROCKETT COUNTY, TEXAS

HEARD BY: Peggy Laird, P.G. – Technical Examiner
Jennifer Cook – Administrative Law Judge

HEARING DATE: May 17, 2017

CONFERENCE DATE: August 15, 2017

APPEARANCES:

REPRESENTING:

APPLICANT:

Mark W. Hanna
Matt E. Immel, P.E.

EP Energy E&P Company, LP

EXAMINERS' REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

EP Energy E&P Company, LP ("EPE") seeks exceptions to Statewide Rule 32 (16 Tex. Admin. Code § 3.32) to flare gas from nine central production facilities ("CPF") in the Lin (Wolfcamp) Field, Crockett County, Texas. EPE requests flaring authority ranging from 500 thousand cubic feet of gas per day ("MCFD") to 2,000 MCFD for a period of two years. 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 exceptions 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.

On August 25, 2015, EPE was granted authority by Final Orders 7C-0296092 and 7C-0296552 to flare up to 500 to 3,500 MCF per day (MCFD) of casinghead gas from the various CPF and associated wells, which will be expiring. One facility was not included in the Final Orders, the University East 4116 AH. EPE was granted administrative authority (Permit No. 23253) to flare from the University East 4116 AH up to 1,200 MCFD from July 18, 2015 through September 1, 2015, and up to 1,250 MCFD from September 2, 2015 through January 16, 2016, for a total of 180 days. EPE's request for a hearing to renew the flaring authority was received on March 29, 2017. EPE seeks an exception to continue authority to flare from the CPF and associated wells as shown in the table below.

EPE's need to flare remains similar as previously reported. EPE indicated all the facilities are connected to gas sales lines, and compression failure or operational issues with the purchaser may occur. As shown below, EPE requests flaring authority ranging from 500 MCF gas per day to 2,000 MCF gas per day for a period of two years based on the production history and projected development for each facility.

Central Production Facility	Permit No.	Permit Effective Date	Permit Expiration Date	Volume (MCFD)
University East 4107	19429	April 15, 2017	April 14, 2019	2,000
University East 4109	20024	May 20, 2017	May 19, 2019	2,000
University East 4116AH	23253	March 29, 2017	March 28, 2019	500
University East 4411	19430	April 15, 2017	April 14, 2019	2,000
University East 4418	20090	May 22, 2017	May 21, 2019	2,000
University East 4716	21426	April 15, 2017	April 14, 2019	2,000
University East 4717 East Mini	19732	April 22, 2017	April 21, 2019	500
University East 4717 West Mini	19733	April 22, 2017	April 21, 2019	500
University East 4718	20089	May 24, 2017	May 23, 2019	500

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 various CPF and associated wells are in the Lin (Wolfcamp) Field, Crockett County, Texas.

3. On August 25, 2015, EPE was granted authority by Final Orders 7C-0296092 and 7C-0296552 to flare up to 500 to 3,500 MCF per day (MCFD) of casinghead gas from the various CPF which will be expiring.
4. EPE was granted administrative authority to flare from the University East 4116 AH up to 1,250 MCFD for a total of 180 days which will be expiring.
5. All the facilities are connected to gas sales lines, and compression failure or operational issues with the purchaser may occur.
6. Requested flaring is based on the production history and projected development for each facility.
7. At the hearing, the applicant agreed on the record that the Final Order in this case is to be effective when the Master Order is signed.

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).
4. Pursuant to §2001.144(a)(4)(A), of the Texas Government Code, and the agreement of the applicant, the Final Order is effective when a Master Order relating to the Final Order is signed on August 15, 2017.

EXAMINERS' RECOMMENDATION

Based on the above findings of fact and conclusions of law, the Examiners recommend that the Commission grant exceptions to Statewide Rule 32 for the various CPF as requested by EPE, and shown in the previous table.

Respectfully submitted,



Peggy Laird, P.G.
Technical Examiner



Jennifer Cook
Administrative Law Judge