



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL & GAS DOCKET NO. 08-0305869

THE APPLICATION OF APACHE CORPORATION FOR AN EXCEPTION TO STATEWIDE RULE 32 FOR THE BARROW, AUGUSTA LEASE, SPRABERRY (TREND AREA) FIELD, ECTOR COUNTY, TEXAS

HEARD BY: Paul Dubois – Technical Examiner
Jennifer L. Cook – Administrative Law Judge

HEARING DATE: September 28, 2017

CONFERENCE DATE: November 7, 2017

APPEARANCES:

APPLICANT:

Thomas Richter, P.E.

REPRESENTING:

Apache Corporation

EXAMINERS' REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Pursuant to 16 Tex. Admin. Code §3.32 (Statewide Rule 32), Apache Corporation seeks an exception to flare casinghead gas from its Barrow, Augusta Lease (No. 43701) in the Spraberry (Trend Area) Field, Ector County, Texas. Apache seeks authority to flare up to 250 thousand cubic feet ("mcf") of casinghead gas per day for a period of two years. The application was not protested. The technical examiner and administrative law judge ("Examiners") recommend the exception be granted.

Generally, Statewide Rule 32 governs the utilization for legal purposes of natural gas produced under the jurisdiction of the Railroad Commission. Apache seeks relief in the captioned docket pursuant to Statewide Rule 32(f)(2)(D), as follows:

The commission or the commission's delegate may administratively grant or renew an exception to the requirements of limitations of this subsection subject to the requirements of subsection (h)... if the operator of a well or production facility presents information to show the necessity for the release...

Statewide Rule 32(h)(4) 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.

Because Apache requests an exception for more than 180 days and to flare more than 50 mcf of casinghead gas per day, the procedure to address Apache's request for an exception is through a hearing resulting in a final order signed by the Commission.

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.
2. Apache operates its Barrow, Augusta Lease on 6,259 acres of land about 10 miles north of Odessa, Ector County, Texas. The Barrow, Augusta Lease is bisected by U.S. Highway 385. About 90 percent of the lease wells and production are on the east side of the highway, and 10 percent of the wells and production are west of the highway.
3. In Oil & Gas Docket No. 08-0287405, signed on May 22, 2014, the Commission granted Apache authority to flare up to 500 mcf gas per day from the Barrow, Augusta Lease from March 1, 2014 through August 1, 2015.
4. In Oil & Gas Docket No. 08-0297619, signed on October 20, 2015, the Commission granted Apache authority to flare up to 750 mcf gas per day from the Barrow, Augusta Lease from August 1, 2015 through August 1, 2017.
5. On July 10, 2017, Apache Corporation requested a hearing to renew the flaring authority.
6. About 90 percent of the gas produced from the lease is sold to James Lake Midstream, a pipeline operator in the area.
7. Periodic curtailments, shut-downs, and capacity limitations in the gathering system require all operators in the area to flare gas from time to time on an emergency basis.
8. Apache has a continued need to flare gas produced from the lease, especially from the wells and Tank Battery No. 2, which are located west of U.S. Highway 385.
9. The volume of gas produced into the Tank Battery No. 2 is not sufficient to

operate a 3-stage compression system necessary to generate 700 pounds per square inch pressure to access the James Lake Midstream Pipeline.

10. The gas production from the western wells that feed Tank Battery No. 2 is insufficient to economically justify the cost of a connection pipeline that would have to pass under U.S. Highway 385.
11. Authority to flare the gas will allow Apache to continue to produce hydrocarbon fluids from the lease, especially from the wells located west of U.S. Highway 385.
12. At the hearing, the applicant agreed on the record that a Final Order in this case is to be effective when the Master Order is signed.

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 §§1.42 and 1.45.
3. The requested authority to flare casinghead gas satisfies the requirements of Title 16, Texas Administrative Code 3.32(h).
4. Pursuant to §2001.144(a)(4)(A), of the Texas Government Code, and the agreement of the applicant, this Final Order is effective when a Master Order relating to this Final Order is signed on November 7, 2017.

EXAMINERS' RECOMMENDATION

The Examiners recommend approval of the application of Apache Corporation for an exception to flare casinghead gas from the Barrow, Augusta Lease in the Spraberry (Trend Area) Field, Ector County, Texas.

Respectfully submitted,



Paul Dubois
Technical Examiner



Jennifer L. Cook
Administrative Law Judge