



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL & GAS DOCKET NO. 08-0306762

THE APPLICATION OF CONOCOPHILLIPS COMPANY FOR AN EXCEPTION TO STATEWIDE RULE 32 FOR VARIOUS LEASES, HOWARD GLASSCOCK (CONSOLIDATED) AND HOWARD GLASSCOCK (WOLFCAMP 7400) FIELDS, HOWARD COUNTY, TEXAS

HEARD BY: Peggy Laird, P.G. – Technical Examiner
Clayton Hoover – Administrative Law Judge

HEARING DATE: October 24, 2017

CONFERENCE DATE: January 23, 2018

APPEARANCES:

REPRESENTING:

APPLICANT:

Jamie Nielson
Earl Anderson

ConocoPhillips Company

EXAMINERS' REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

ConocoPhillips Company ("Conoco") seeks an exception to 16 Tex. Admin. Code §3.32 (Statewide Rule 32) for the Doris Cole Well No. 14D (API No. 227-37544) ("Doris Cole") processing and injection facility, and the following tank batteries: Chalk South (Commingling Permit No. 2757), Chalk North (Commingling Permit No. 6627), Chalk G (Commingling Permit No. 5387), Mary Chalk (Lease ID No. 41221), Douthit (Lease ID No. 41225), Douthit – B1 (Lease I.D. No. 41234), Reed (Commingling Permit No. 6545), Chalk Sec. 95 (Lease ID No. 281862), Settles West (Commingling Permit No. 2766), Settles Central (Commingling Permit No. 5316), and Settles North (Commingling Permit 6829), Howard Glasscock (Consolidated) and Howard Glasscock (Wolfcamp 7400) Fields, Howard County, Texas. Conoco seeks authority to flare up to a combined volume of 2,562 MCF of casinghead gas per day ("MCFD") for two years from October 14, 2017

through October 14, 2019, from the individual batteries and at the single flare point that serves the Doris Cole. Notice was provided to all offset operators in the Howard Glasscock (Consolidated) and Howard Glasscock (Wolfcamp 7400) Fields. No objections were filed, and the application was not protested. The Technical Examiner and Administrative Law Judge ("Examiners") recommend the exception be granted.

DISCUSSION OF THE EVIDENCE

Statewide Rule 32 governs the utilization for legal purposes of natural gas produced under the jurisdiction of the Railroad Commission. Conoco 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 Conoco requests an exception for more than 180 days and to flare more than 50 mcf of casinghead gas per day, the procedure to address Conoco's request for an exception is through a hearing resulting in a final order signed by the Commission.

By Final Order No. 08-0298324, Conoco received authority to flare up to 2,000 MCFD from October 14, 2015 through October 14, 2017, from the following tank batteries: Chalk E, Chalk South, Chalk North, Chalk G, Mary Chalk, Douthit, Kelly Roberts, Reed, and Chalk Sec. 95. By Final Order No. 08-0300511, Conoco received authority to flare from April 30, 2016 through October 14, 2017, up to 170 MCFD from the Settles Central Battery, up to 270 MCFD from the Settles North Battery, and up to 122 MCFD from the Settles West Battery. Both previous orders also authorized Conoco to flare respective volumes of casinghead gas at the single flare point that serves the Doris Cole.

All batteries previously listed feed into the Doris Cole processing and injection facility. The oil production from wells in the area is associated with casinghead gas that contains high volumes of hydrogen sulfide ("H₂S"), or sour gas. After it is produced to the surface, Conoco removes H₂S from the casinghead gas to sell the conditioned sweet gas to market, and it injects the sour gas into the subsurface through the Doris Cole.

Typically, flaring occurs from the Doris Cole, with the batteries' flares as back-up to production activity by Conoco. Periodically, the Doris Cole or the processing and injection facility may experience operational upsets and require maintenance. These

upsets necessitate flaring from the batteries so that production may continue without interruption.

Conoco requested a hearing to extend both flaring authorities on September 12, 2017. The request for a hearing allows the permit to remain in effect beyond the expiration. Conoco is asking to combine all previous flaring authority into one order. The batteries and the processing and injection facility are connected, functioning interdependently. It was reported by Conoco that the Chalk E battery is now flaring at the Chalk South battery. Flaring no longer occurs at the Kelly Roberts battery. The Douthit B-1 Lease production flares with Douthit production at the Douthit battery.

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. By Final Order No. 08-0298324, Conoco received authority to flare up to 2,000 MCFD from October 14, 2015 through October 14, 2017, from the following tank batteries: Chalk E, Chalk South, Chalk North, Chalk G, Mary Chalk, Douthit, Kelly Roberts, Reed, and Chalk Sec. 95.
3. By Final Order No. 08-0300511, Conoco received authority from April 30, 2016 through October 14, 2017, to flare up to 170 MCFD from the Settles Central Battery, 270 MCFD from the Settles North Battery, and 122 MCFD from the Settles West Battery.
4. Both previous orders also authorized Conoco to flare casinghead gas up to the respective volumes at a single flare point that serves the Doris Cole.
5. All batteries previously listed feed into the Doris Cole processing and injection facility, functioning interdependently.
6. The oil production from wells in the area is associated with casinghead gas that contains high volumes of H₂S, or sour gas.
7. Conoco removes H₂S from the casinghead gas for sales to market, and it injects sour gas into the subsurface through the Doris Cole.
8. Operational upsets associated with the Doris Cole and the processing and injection facility necessitate flaring from the batteries so that production may continue without interruption.
9. The Chalk E battery is now flaring at the Chalk South battery. Flaring no longer occurs at the Kelly Roberts battery. The Douthit B-1 Lease production flares with Douthit production at the Douthit battery.

10. On September 12, 2017, Conoco requested a hearing to extend and combine all previous flaring authority into one order.
11. Conoco seeks authority to flare up to a combined volume of 2,562 MCFD for two years from October 14, 2017 through October 14, 2019, from the individual batteries and from the Doris Cole processing and injection facility.
12. 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. All notice requirements have been satisfied. 16 Tex. Admin. Code §§ 1.42.
3. The requested authority to flare casinghead gas satisfies 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 January 23, 2018.

EXAMINERS' RECOMMENDATION

The Examiners recommend approval of the application of ConocoPhillips Company for an exception to Statewide Rule 32 for the Doris Cole Well No. 14D (API No. 227-37544) processing and injection facility, and the following tank batteries: Chalk South (Commingling Permit No. 2757), Chalk North (Commingling Permit No. 6627), Chalk G (Commingling Permit No. 5387), Mary Chalk (Lease ID No. 41221), Douthit (Lease ID No. 41225), Douthit – B1 (Lease I.D. No. 41234), Reed (Commingling Permit No. 6545), Chalk Sec. 95 (Lease ID No. 281862), Settles West (Commingling Permit No. 2766), Settles Central (Commingling Permit No. 5316), and Settles North (Commingling Permit 6829) Howard Glasscock (Consolidated) and Howard Glasscock (Wolfcamp 7400) Fields, Howard County, Texas.

Respectfully submitted,



Peggy Laird, P.G.
Technical Examiner



Clayton Hoover
Administrative Law Judge

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

**OIL & GAS DOCKET
NO. 08-0306762**

**IN THE HOWARD GLASSCOCK
(CONSOLIDATED) AND HOWARD
GLASSCOCK (WOLFCAMP 7400)
FIELDS, HOWARD COUNTY, TEXAS**

**FINAL ORDER
GRANTING THE APPLICATION OF CONOCOPHILLIPS COMPANY FOR
EXCEPTION TO STATEWIDE RULE 32 FOR FLARE GAS PERMIT FOR
VARIOUS TANK BATTERIES, AND THE
DORIS COLE WELL NO. 14D PROCESSING AND INJECTION FACILITY,
HOWARD GLASSCOCK (CONSOLIDATED) AND
HOWARD GLASSCOCK (WOLFCAMP 7400) FIELDS,
HOWARD COUNTY, TEXAS**

The Commission finds that after statutory notice in the above-numbered docket heard on October 24, 2017 the presiding Technical Examiner and Administrative Law Judges (collectively "Examiners") have made and filed a report and recommendation containing findings of fact and conclusions of law, for which service was not required; that the proposed application is in compliance with all statutory requirements; and that this proceeding was duly submitted to the Railroad Commission of Texas at conference held in its offices in Austin, Texas.

The Commission, after review and due consideration of the Examiners' report and proposal for decision, the findings of fact and conclusions of law contained therein, and incorporates said findings of fact and conclusions of law as if fully set out and separately stated herein.

Therefore, it is **ORDERED** by the Railroad Commission of Texas that ConocoPhillips Company is hereby granted an exception to Statewide Rule 32 for flaring at the Doris Cole Well No. 14D (API No. 227-37544) processing and injection facility, and at the following tank batteries: Chalk South (Commingling Permit No. 2757), Chalk North (Commingling Permit No. 6627), Chalk G (Commingling Permit No. 5387), Mary Chalk (Lease ID No. 41221), Douthit (Lease ID No. 41225), Douthit – B1 (Lease I.D. No. 41234), Reed (Commingling Permit No. 6545), Chalk Sec. 95 (Lease ID No. 281862), Settles West (Commingling Permit No. 2766), Settles Central (Commingling Permit No. 5316), and Settles North (Commingling Permit 6829), Howard Glasscock (Consolidated) and Howard Glasscock (Wolfcamp 7400) Fields, Howard County, Texas. to flare up to 2,562, MCF of casinghead gas per day from the aforementioned properties, and any commingled production associated with any of the properties, for a period of two years from October 14, 2017 through October 14, 2019. Flaring is authorized at the individual batteries and at a common flare point.

The authority is granted, provided all production is reported on the appropriate Commission forms. The operator shall file the Statewide Rule 32 Exception Data Sheet and, shall file at the same time, the appropriate Commission required administrative Statewide Rule 32 Exception gas flaring fee for all wells.

Pursuant to §2001.144(a)(4)(A) of the Texas Government Code and by agreement of the Parties in writing or on the record, **the parties have waived right to file a Motion for Rehearing and this Final Order is effective on the date the Master Order relating to the Final Order is signed.**

Done this 23rd day of January 2018.

RAILROAD COMMISSION OF TEXAS

**(Order approved and signatures affixed
by Hearings Division's Unprotected
Master Order dated January 23, 2018)**