



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL AND GAS DOCKET NO. 7C-0306777

THE APPLICATION OF EP ENERGY E&P COMPANY, L.P. FOR AN EXCEPTION TO STATEWIDE RULE 32 FOR VARIOUS LEASES, VARIOUS WELLS, LIN (WOLFCAMP) FIELD, VARIOUS COUNTIES, TEXAS

HEARD BY: Karl Caldwell – Technical Examiner
Jennifer Cook – Administrative Law Judge

HEARING DATE: December 7, 2017
RECORD CLOSED: December 7, 2017
CONFERENCE DATE: February 13, 2018

APPEARANCES: **REPRESENTING:**

APPLICANT: EP Energy E&P Company, L.P.

Mark Hanna
Matt Immel

EXAMINERS' REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

EP Energy E&P Company, L.P. (EP Energy) seeks Statewide Rule 32 exception renewals for the following eight facilities:

- 1) University Block 12 1218BH Facility
- 2) University Block 12 1227AH Facility
- 3) University Central 1118AH Facility
- 4) University East/Salt Draw 4110 CPF (AKA CPF 6)
- 5) University East 4322 CPF
- 6) University Salt Draw 4102 CPF (aka CPF 7)
- 7) University South 4616AH Facility
- 8) University Stonegate 3829AH Facility

For each application, notice was provided to all offset operators to the flare points. For each application, EP Energy is requesting an extension of its current Statewide Rule

32 exception for a period of twenty-four (24) months. The applications are unopposed and the Technical Examiner and Administrative Law Judge (collectively, "Examiners") recommend approval of a 24-month exception to Statewide Rule 32 as requested by EP Energy.

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(j) Opportunity for hearing states that an operator may request a hearing on any application for an exception, or exception renewal required by this section. The Commission received a hearing request for an exception renewal for each of the eight subject facilities on September 12, 2017. The existing exception authority for each facility expires October 4, 2017. Therefore, the operator requested a hearing with the Commission more than 21 days prior to expiration of the existing exception authority.

EP Energy is requesting a Statewide Rule 32 exception renewal for eight facilities that have gas take-away. EP Energy does not intend to flare gas due to a lack of gas sales lines. EP Energy is requesting flaring authority for each facility in times of upset or disruption conditions.

For the subject application, EP Energy agreed that, pursuant to the provisions of Texas Government Code §2001.144(a)(4)(A), this Final Order shall be effective on the date a Master Order relating to this Final Order is signed.

University Block 12 1218BH Facility

The University Block 12 1218BH Facility (ID No. 179290) is a single well facility, located in a somewhat undeveloped area. The facility is connected to a West Texas Gas sales line. The current flare permit authorizes EP Energy to flare a maximum of 500 Mcf of casinghead gas per day, effective April 5, 2017, and expiring October 4, 2017. EP Energy is requesting to renew the flare permit for an additional 24 months (October 5, 2017, to October 5, 2019) due to compressor downtime and any other upsets that may occur. There is a high-pressure flare in addition to a low-pressure flare at the facility. The low-pressure flare is associated with tanks, while the high-pressure flare is for produced gas volumes. Both the high and low-pressure flares are covered by the single flare permit, Permit No. 29779.

University Block 12 1227AH Facility

The University Block 12 1227AH (Facility ID No. 17929) is connected to a common gathering system to a West Texas gas sales line. The current flare permit (Permit No. 29787) authorizes EP Energy to flare a maximum of 500 Mcf of casinghead gas per day, effective April 5, 2017, and expiring October 4, 2017. EP Energy is requesting to renew

the flare permit for an additional 24 months (October 5, 2017, to October 5, 2019) due to compressor downtime and any other upsets that may occur.

University Central 1118AH Facility

The University Central 1118AH Facility (ID No. 17575) is connected to a West Texas Gas sales point. The current flare permit (Permit No. 29778) authorizes EP Energy to flare a maximum of 500 Mcf of casinghead gas per day, effective April 5, 2017, and expiring October 4, 2017. EP Energy is requesting to renew the flare permit for an additional 24 months (October 5, 2017, to October 5, 2019) due to compressor downtime and any other upsets that may occur.

University East/Salt Draw 4110 CPF (AKA CPF 6)

The University East/Salt Draw 4110 CPF (AKA CPF 6), ID No. 17576, has two gas sales points, West Texas Gas and Lucid. If one of the gas gatherers is unable to take all of the gas, or if there is downtime, EP Energy has the option to take gas to the other sales point. The current flare permit (Permit No. 29780) authorizes EP Energy to flare a maximum of 5,000 Mcf of casinghead gas per day, effective April 5, 2017, and expiring October 4, 2017. EP Energy is requesting to renew the flare permit for an additional 24 months (October 5, 2017, to October 5, 2019) due to compressor downtime and any other upsets that may occur. This is a larger facility that services multiple wells.

University East 4322 CPF

The University East 4322 CPF (ID No. 17576), has two gas sales points, West Texas Gas and Lucid. EP Energy. If one of the gas gatherers is unable to take all of the gas, or if there is downtime, EP Energy has the option to take gas to the other sales point. The current flare permit (Permit No. 29781) authorizes EP Energy to flare a maximum of 5,000 Mcf of casinghead gas per day, effective April 5, 2017, and expiring October 4, 2017. EP Energy is requesting to renew the flare permit for an additional 24 months (October 5, 2017, to October 5, 2019) due to compressor downtime and any other upsets that may occur. This is a larger facility that services multiple wells.

University Salt Draw 4102 CPF (aka CPF 7)

The University Salt Draw 4102 CPF (aka CPF 7), ID No. 18942 is a multi-well, high volume facility. The facility is tied into two sales points, a West Texas Gas sales point and a Lucid sales point. If one of the gas gatherers is unable to take all of the gas, or if there is downtime, EP Energy has the option to take gas to the other sales point. The current flare permit (Permit No. 29783) authorizes EP Energy to flare a maximum of 5,000 Mcf of casinghead gas per day, effective April 5, 2017, and expiring October 4, 2017. EP Energy is requesting to renew the flare permit for an additional 24 months (October 5, 2017, to October 5, 2019) due to compressor downtime and any other upsets that may

occur. The maximum requested flare volume of 5,000 Mcfd is the equivalent compressor capacity if it were to encounter problems.

University South 4616AH Facility

The University South 4616AH Facility (ID No. 17949), is a single well facility with a DCP gas sales point. The current flare permit (Permit No. 29784) authorizes EP Energy to flare a maximum of 500 Mcf of casinghead gas per day, effective April 5, 2017, and expiring October 4, 2017. EP Energy is requesting to renew the flare permit for an additional 24 months (October 5, 2017, to October 5, 2019) due to compressor downtime and any other upsets that may occur

University Stonegate 3829AH Facility

The University Stonegate 3829AH Facility (ID No. 17668), is a single well facility with a West Texas Gas sales point. The current flare permit (Permit No. 29782) authorizes EP Energy to flare a maximum of 300 Mcf of casinghead gas per day, effective April 5, 2017, and expiring October 4, 2017. EP Energy is requesting to renew the flare permit for an additional 24 months (October 5, 2017, to October 5, 2019) due to compressor downtime and any other upsets that may occur

FINDINGS OF FACT

1. Notice of the application was provided to all offset operators to the flare points.
2. On September 12, 2017, the Commission received a hearing request for a Statewide Rule 32 exception renewal for eight facilities that have gas take-away. EP Energy does not intend to flare gas due to a lack of gas sales lines. EP Energy is requesting flaring authority for each facility in times of upset or disruption conditions.
3. EP Energy filed the request for an extension of its current exception to Statewide Rule 32 more than 21 days prior to expiration of the existing exception authority.
4. The University Block 12 1218BH Facility (ID No. 179290) is a single well facility.
 - a. The facility is connected to a West Texas Gas sales line.
 - b. The current flare permit, Permit No. 29779, authorizes EP Energy to flare a maximum of 500 Mcf of casinghead gas per day, effective April 5, 2017, and expiring October 4, 2017.

- c. EP Energy is requesting to renew the flare permit for an additional 24 months (October 5, 2017, to October 5, 2019) due to compressor downtime and any other upsets that may occur.
 - d. There is a high-pressure flare in addition to a low-pressure flare at the facility. The low-pressure flare is associated with tanks, while the high-pressure flare is for produced gas volumes. Both the high and low-pressure flares are covered by the same flare permit.
5. The University Block 12 1227AH (Facility ID No. 17929) is connected to a West Texas gas sales line.
 - a. The current flare permit (Permit No. 29787) authorizes EP Energy to flare a maximum of 500 Mcf of casinghead gas per day, effective April 5, 2017, and expiring October 4, 2017.
 - b. EP Energy is requesting to renew the flare permit for an additional 24 months (October 5, 2017, to October 5, 2019) due to compressor downtime and any other upsets that may occur.
6. The University Central 1118AH Facility (ID No. 17575) is connected to a West Texas Gas sales point.
 - a. The current flare permit (Permit No. 29778) authorizes EP Energy to flare a maximum of 500 Mcf of casinghead gas per day, effective April 5, 2017, and expiring October 4, 2017.
 - b. EP Energy is requesting to renew the flare permit for an additional 24 months (October 5, 2017, to October 5, 2019) due to compressor downtime and any other upsets that may occur.
7. The University East/Salt Draw 4110 CPF (AKA CPF 6), ID No. 17576, is a larger facility that services multiple wells.
 - a. The University East/Salt Draw 4110 CPF (AKA CPF 6) has two gas sales points, West Texas Gas and Lucid.
 - b. If one of the gas gatherers is unable to take all of the gas, or if there is downtime, EP Energy has the option to take gas to the other sales point.
 - c. The current flare permit (Permit No. 29780) authorizes EP Energy to flare a maximum of 5,000 Mcf of casinghead gas per day, effective April 5, 2017, and expiring October 4, 2017.

- d. EP Energy is requesting to renew the flare permit for an additional 24 months (October 5, 2017, to October 5, 2019) due to compressor downtime and any other upsets that may occur.
8. The University East 4322 CPF (ID No. 17576), is a larger facility that services multiple wells.
 - a. The University East 4322 CPF has two gas sales points, West Texas Gas and Lucid.
 - b. If one of the gas gatherers is unable to take all of the gas, or if there is downtime, EP Energy has the option to take gas to the other sales point.
 - c. The current flare permit (Permit No. 29781) authorizes EP Energy to flare a maximum of 5,000 Mcf of casinghead gas per day, effective April 5, 2017, and expiring October 4, 2017.
 - d. EP Energy is requesting to renew the flare permit for an additional 24 months (October 5, 2017, to October 5, 2019) due to compressor downtime and any other upsets that may occur.
9. The University Salt Draw 4102 CPF (aka CPF 7), ID No. 18942 is a multi-well, high volume facility.
 - a. The facility is tied into two sales points, a West Texas Gas sales point and a Lucid sales point.
 - b. If one of the gas gatherers is unable to take all of the gas, or if there is downtime, EP Energy has the option to take gas to the other sales point.
 - c. The current flare permit (Permit No. 29783) authorizes EP Energy to flare a maximum of 5,000 Mcf of casinghead gas per day, effective April 5, 2017, and expiring October 4, 2017.
 - d. EP Energy is requesting to renew the flare permit for an additional 24 months (October 5, 2017, to October 5, 2019) due to compressor downtime and any other upsets that may occur.
 - e. The maximum requested flare volume of 5,000 Mcfd is the equivalent compressor capacity if it were to encounter problems.
10. The University South 4616AH Facility (ID No. 17949), is a single well facility with a DCP gas sales point.

- a. The current flare permit (Permit No. 29784) authorizes EP Energy to flare a maximum of 500 Mcf of casinghead gas per day, effective April 5, 2017, and expiring October 4, 2017.
 - b. EP Energy is requesting to renew the flare permit for an additional 24 months (October 5, 2017, to October 5, 2019) due to compressor downtime and any other upsets that may occur
11. The University Stonegate 3829AH Facility (ID No. 17668), is a single well facility with a West Texas Gas sales point.
 - a. The current flare permit (Permit No. 29782) authorizes EP Energy to flare a maximum of 300 Mcf of casinghead gas per day, effective April 5, 2017, and expiring October 4, 2017.
 - b. EP Energy is requesting to renew the flare permit for an additional 24 months (October 5, 2017, to October 5, 2019) due to compressor downtime and any other upsets that may occur
 12. For each application EP Energy agreed, that, pursuant to the provisions of Texas Government Code §2001.144(a)(4)(A), this Final Order shall be effective on the date a Master Order relating to this Final Order is signed.

CONCLUSIONS OF LAW

1. Proper notice was issued as required by all applicable statutes and regulatory codes.
2. All things have occurred and been accomplished to give the Commission jurisdiction in this matter.
3. Title 16, Texas Administrative Code 3.32(h) provides for an exception to Statewide Rule 32.
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 February 13, 2018.

EXAMINERS' RECOMMENDATION

Based on the above findings of fact and conclusions of law, the Examiners recommend that the Commission grant Statewide Rule 32 exception renewals for the University Block 12 1218BH Facility, University Block 12 1227AH Facility, University Central 1118AH Facility, University East/Salt Draw 4110 CPF (AKA CPF 6), University East 4322 CPF, University Salt Draw 4102 CPF (aka CPF 7), University South 4616AH Facility, and the University Stonegate 3829AH Facility for a period of 24 months, as requested by EP Energy.

Respectfully submitted,



Karl Caldwell
Technical Examiner



Jennifer Cook
Administrative Law Judge