



# RAILROAD COMMISSION OF TEXAS

## HEARINGS DIVISION

OIL AND GAS DOCKET NO. 08-0308177

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**THE APPLICATION OF CONOCOPHILLIPS COMPANY FOR AN EXCEPTION TO STATEWIDE RULE 32 FOR THE SOUTH COWDEN UNIT, TRACT 6 BATTERIES, COWDEN SOUTH FIELD, ECTOR COUNTY, TEXAS**

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**HEARD BY:** Robert Musick, P.G. – Technical Examiner  
Jennifer N. Cook – Administrative Law Judge

**HEARING DATE:** February 8, 2018

**CONFERENCE DATE:** March 20, 2018

**APPEARANCES:**

**Applicant**

Jamie Nielson  
Kris A. Sinclair

**REPRESENTING:**

ConocoPhillips Company

**EXAMINERS' REPORT AND RECOMMENDATION**

**STATEMENT OF THE CASE**

Pursuant to Statewide Rule 32, ConocoPhillips Company seeks an exception to flare gas from its South Cowden Unit Tract 6 Batteries (Lease ID No. 19297) in the South Cowden Field, Ector County, Texas. This request is a continuation of the two-year authority granted by Commission Final Order (Docket No. 08-0299258) on May 3, 2016. ConocoPhillips requests continued authority to flare up to 400 thousand cubic feet (MCF) of gas per day from the Tract 6 Batteries from January 17, 2018 through January 16, 2020. The application was not protested. The Technical Examiner and Administrative Law Judge (collectively, "Examiners") recommend the application be granted.

**DISCUSSION OF THE EVIDENCE**

ConocoPhillips requests an exception to flare gas produced on its South Cowden Unit in the South Cowden Field, Ector County, Texas. The South Cowden Unit is located on more than 2,000 acres about 6.3 miles south of Odessa. Generally, Statewide Rule 32 governs the utilization for legal purposes of natural gas produced under the jurisdiction of the Railroad Commission. Conoco seeks relief 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...*

Titled "Exceptions," Statewide Rule 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.*

Gas produced on the South Cowden Unit is not marketable because it only contains about 20 percent hydrocarbons; the bulk of the gas is carbon dioxide and smaller amounts of hydrogen sulfide. For gas disposition, ConocoPhillips re-injects the gas into the South Cowden Field as part of its unitized enhanced recovery activities. Re-injecting the produced gas has increased hydrocarbon recovery in the field by about 20 percent.

However, on occasion ConocoPhillips is not able to re-inject the gas. During those times, which occur semi-annually for system maintenance or intermittently for other mechanical causes, ConocoPhillips flares the produced gas. When the gas is flared, ConocoPhillips must also add natural gas to the combustion stream. The natural gas is necessary to maintain combustion because the produced gas is mostly carbon dioxide.

On September 15, 2015, the Commission entered an order in Docket No. 08-0294812 authorizing ConocoPhillips to flare up to 400 MCF gas per day from the Tract 6 Batteries for a one-year period from January 16, 2015 through January 16, 2016. To extend the authority, the Commission entered an order in Docket No. 08-0299258 for an additional two-year period from January 16, 2016 through January 16, 2018. By this application under O&G Docket No. 08-0308177, ConocoPhillips seeks to extend the authority to flare gas for two years from January 17, 2018 through January 16, 2020.

A Notice of Hearing was issued by the Commission on January 11, 2018 to adjacent operators in the South Cowden Field, Ector County, Texas. On February 8, 2018, a hearing was held to extend the flaring authority by the Commission for the two years requested by the applicant.

A cost-benefit analysis was performed by ConocoPhillips and it was determined that marketing the gas is not economic and would result in a net revenue loss.

The Examiners find good cause exists to continue the authority to flare gas from the subject facility. The Examiners recommend approval of the requested flaring authority.

**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 hearing.
2. The South Cowden Unit is located on more than 2,000 acres about 6.3 miles south of Odessa.
3. Gas produced on the South Cowden Unit is not marketable because it only contains about 20 percent hydrocarbons.
4. The bulk of the gas is carbon dioxide and smaller amounts of hydrogen sulfide.
5. ConocoPhillips re-injects the produced gas into the South Cowden Field as part of its unitized enhanced recovery activities.
6. Re-injecting the produced gas has increased hydrocarbon recovery in the field by about 20 percent.
7. On September 15, 2015, the Commission entered an order in Docket No. 08-0294812 authorizing ConocoPhillips to flare up to 400 MCF gas per day from the Tract 6 Batteries for a one-year period from January 16, 2015 through January 16, 2016. To extend the authority, the Commission entered an order in Docket No. 08-0299258 for an additional two-year period from January 16, 2016 through January 16, 2018. ConocoPhillips seeks to extend the authority under this application (O&G Docket No. 08-0308177) to flare up to 400 thousand cubic feet (MCF) of gas per day from the Tract 6 Batteries from January 17, 2018 through January 16, 2020.
8. Continued authority to flare gas will allow ConocoPhillips to produce oil from the South Cowden Unit. Without a Final Order authorizing the flaring, ConocoPhillips will be required to shut the well in causing waste and possible harm to the reservoir.
9. At the hearing, the applicant agreed on the record that the Final Order in this case is to be final 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 § 1.43 and 1.45.
3. ConocoPhillips has met the requirements in 16 Tex. Admin. Code § 3.32 for an exception to the limitations in that section regarding the requested authority to flare gas produced from the well connected to the subject flare point.
4. Pursuant to § 2001.144(a)(4)(A), of the Texas Government Code, and the agreement of the applicant, the Final Order is final and effective when a Master Order relating to the Final Order is signed by the Commission.

**RECOMMENDATION**

Based on the above findings of fact and conclusions of law, the Examiners recommend the Commission enter an order granting the application of ConocoPhillips to flare up to 400 MCF gas per day from the Tract 6 Batteries from January 17, 2018 through January 16, 2020.

Respectfully submitted,



Robert Musick, P. G.  
Technical Examiner



Jennifer N. Cook  
Administrative Law Judge