



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL & GAS DOCKET NO. 01-0308345

THE APPLICATION OF J.P. OIL COMPANY, INC. FOR AN EXCEPTION TO STATEWIDE RULE 32 FOR THE HORN FIELD (EDWARDS LIME) UNIT, CHARLOTTE (HORN) FIELD, ATASCOSA COUNTY, TEXAS

HEARD BY: Paul Dubois, P.E. – Technical Examiner
Kristi M. Reeve – Administrative Law Judge

HEARING DATE: March 16, 2018

CONFERENCE DATE: April 10, 2018

APPEARANCES:

APPLICANT: **REPRESENTING:**

Henry David
Ernest G. Seneca

J.P. Oil Company, Inc.

EXAMINERS' REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Pursuant to Statewide Rule 32 (16 Tex. Admin. Code §3.32) J.P. Oil Company, Inc. seeks authority to flare gas Horn Field (Edwards Lime) Unit, Charlotte (Horn) Field, in Atascosa County, Texas. The field produces oil with sour gas containing hydrogen sulfide. J.P. Oil Company, Inc. is replacing gathering system infrastructure. While the upgrade work is in progress, J.P. Oil Company, Inc. has reduced its production to a level sufficient to hold its leases. The reduced production requires a small amount of sour gas to be flared. J.P. Oil Company, Inc. requests an exception to flare up to 50 thousand cubic feet ("mcf") of gas per day through December 2018, a quantity and time more than sufficient to allow J.P. Oil Company, Inc. to complete the infrastructure work. The application was not protested. The administrative law judge and technical examiner ("Examiners") recommend J.P. Oil Company, Inc.'s application be granted.

Generally, Statewide Rule 32 governs the utilization for legal purposes of natural gas produced under the jurisdiction of the Railroad Commission. J.P. Oil Company, Inc. 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 J.P. Oil Company, Inc. requests an exception for more than 180 days and to flare more than 50 mcf of casinghead gas per day, the procedure to address J.P. Oil Company, Inc.'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. J.P. Oil Company, Inc. operates wells on the Horn (Edwards Lime) Unit in the Charlotte (Horn) Field, in Atascosa County, Texas.
3. The wells produce oil with sour gas.
4. J.P. Oil Company, Inc. has determined that the gas gathering infrastructure is in need of replacement and has begun the work.
5. J.P. Oil Company, Inc. has reduced its production to a rate sufficient to maintain its leases, but still produces some sour gas requiring flaring.
6. J.P. Oil Company, Inc. has obtained an administrative exception (Permit No. 30414) authorizing it to flare up to 50 mcf gas per day from June 30, 2017 through December 27, 2017.
7. On December 4, 2017, J.P. Oil Company, Inc. requested a hearing to extend the flaring authority.
8. J.P. Oil Company, Inc. anticipates the infrastructure replacement will be completed in August 2018.

9. An exception to flare up to 50 mcf gas per day through December 31, 2018, will enable J.P. Oil Company, Inc. to provide for legal disposition of the gas while it completes the infrastructure redevelopment work.
10. 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 April 10, 2018.

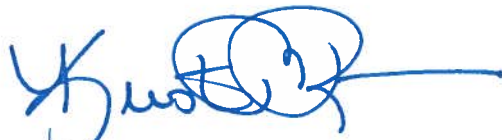
EXAMINERS' RECOMMENDATION

The Examiners recommend that J.P. Oil Company, Inc. be granted an exception to Statewide Rule 32 to flare up to 50 mcf gas per day from the Horn Field (Edwards Lime) Unit from December 28, 2017 through December 31, 2018.

Respectfully submitted,



Paul Dubois, P.E.
Technical Examiner



Kristi M. Reeve
Administrative Law Judge