



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL AND GAS DOCKET NO. 08-0312788

APPLICATION OF TARGA DELAWARE LLC (836022) PURSUANT TO STATEWIDE RULE 36 TO INJECT FLUIDS CONTAINING HYDROGEN SULFIDE (H₂S) INTO THE PROPOSED WILDCAT AGI #1 LEASE, WELL NO. 1, WAR-WINK (CHERRY CANYON) FIELD, WINKLER COUNTY, TEXAS

HEARD BY: Karl Caldwell – Technical Examiner
Lynn Latombe – Administrative Law Judge

HEARING DATE: September 14, 2018
RECORD CLOSED: October 1, 2018
CONFERENCE DATE: November 13, 2018

APPEARANCES: **REPRESENTING:**
APPLICANT: Targa Delaware LLC

Tim George
Ryan Lammert
Ana Navarrete
Calvin Wrangham
Alberto Gutierrez
Kim Peterson

EXAMINERS' REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Targa Delaware LLC (836022) ("Targa") requests authority pursuant to Statewide Rule 36 to inject fluids containing hydrogen sulfide (H₂S) into the proposed Wildcat AGI #1 Lease, Well No. 1, in Winkler County, Texas. Targa has filed an amended Form W-14 *Application to Dispose of Oil and Gas Waste by Injection into a Formation Not Productive of Oil and Gas* pursuant to Statewide Rule 9. The Statewide Rule 9 application is unopposed and may be administratively processed pursuant to Statewide Rule 9(5)(F) pending approval of this Statewide Rule 36 application.

Statewide Rule 36(c)(10)(A) states that “injection of fluids containing hydrogen sulfide shall not be allowed under the conditions specified in this provision unless first approved by the Commission after public hearing:

- (i) where injection fluid is a gaseous mixture, or would be a gaseous mixture in the event of a release to the atmosphere, and where the 100 ppm radius of exposure is in excess of 50 feet and includes any part of a public area except a public road; or, if the 500 ppm radius of exposure is in excess of 50 feet and includes any part of a public road; or if the 100 ppm radius of exposure is 3,000 feet or greater;
- (ii) where the hydrogen sulfide content of the gas or gaseous mixture to be injected has been increased by a processing plant operation.”

In this application the hydrogen sulfide (H₂S) content of the gas or gaseous mixture to be injected will be increased by a processing plant operation and a public hearing is required pursuant to Statewide Rule 36(c)(10)(A). A hearing on the application was held on September 14, 2018.

Targa has filed an amended Form W-14 *Application to Dispose of Oil and Gas Waste by Injection into a Formation Not Productive of Oil and Gas* pursuant to Statewide Rule 9, dated July 23, 2018. In the Statewide Rule 9 application, Targa has requested authority to inject up to 12,145 barrels per day (bpd) of treated acid gas (94.3 % CO₂, 4.7 % H₂S in dense phase, 1% residual hydrocarbons) into the proposed Wildcat AGI #1 Lease, Well No. 1. Pending approval of this Statewide Rule 36 application, the Statewide Rule 9 application will be remanded to the Underground Injection Control (UIC) Section for administrative processing of the application pursuant to Statewide Rule 9 (5)(F) as the application is unopposed. The Technical Examiner and Administrative Law Judge (collectively, “Examiners”) recommend Statewide Rule 36 authorization be granted.

DISCUSSION OF THE EVIDENCE

Targa is installing the proposed well at its existing Wildcat Gas Plant, approximately 9.5 miles west-southwest of Kermit, in Winkler County, to gather and process produced sour gas from nearby wells drilled and completed in the vicinity. The anticipated input volume to the Wildcat Gas Plant is approximately 250 MMcf per day. The gathered produced gas will contain approximately 1,500 ppm H₂S as it enters the Wildcat Gas Plant. After processing, pipeline quality gas will be sent to markets, while treated acid gas containing approximately 4.7% H₂S, 94.3% CO₂, and 1% residual hydrocarbons will be sent to the proposed well for disposal.

Geographically, the proposed well will be located in a remote location without any existing residential and commercial development. There are no residences or public buildings located within the 4,282-foot 100 ppm ROE or the 1,957-foot 500 ppm ROE as calculated using the Pasquill-Gifford equations outlined in Statewide Rule 36. One public road, State Highway 302, is located with the 100 ppm and 500 ppm ROE. Form H-9

states that the maximum escape volume is 8,000 Mcfd and H₂S concentration is 50,000 ppm.

Notice of the application pursuant to Statewide Rule 36 and Statewide Rule 9 was provided to the surface owner of record, to Commission-designated operators of all active wells within one-half mile of the proposed AGI well, and to the Winkler County Clerk. The Notice of Application pursuant to Statewide Rule 9 to dispose of treated acid gases by well injection was published in the *Odessa American*, a newspaper of general circulation in Winkler County on July 25, 2018. The application pursuant to Statewide Rule 36 and Statewide Rule 9 is unprotested.

The Commission's Field Operations has reviewed and approved the Form H-9 (Certificate of Compliance with Statewide Rule 36). The Hydrogen Sulfide Coordinator for the Midland District Office has reviewed Form H-9. A field review and inspection were conducted on March 23, 2018. Regarding the proposed acid gas injection, the review and inspection concluded that the Wildcat AGI Lease appears to be in compliance with Statewide Rule 36, and the measures Targa proposes to protect the public from the hazardous release of H₂S gas appears to be sufficient and appropriate under Statewide Rule 36. This approval is contingent upon Targa maintaining compliance with Statewide Rule 36 at all times on the lease, and that all safety features and systems stated in the Wildcat Gas Plant and Acid Gas Injection Well Contingency Plan are in place and operational.

Targa agreed on the record that, pursuant to the provisions of Texas Government Code §2001.144(a)(4)(A), this Final Order shall be final and effective on the date a Master Order relating to this Final Order is signed.

FINDINGS OF FACT

1. Targa Operating Company, Inc. ("Targa") requests authority pursuant to Statewide Rule 36 to inject fluids containing hydrogen sulfide (H₂S) into the proposed Wildcat AGI #1 Lease, Well No. 1.
2. Targa has filed Form W-14 *Application to Dispose of Oil and Gas Waste by Injection into a Formation Not Productive of Oil and Gas* pursuant to Statewide Rule 9.
3. The Statewide Rule 9 application is unprotested and may be administratively processed pursuant to Statewide Rule 9(5)(F).
4. Statewide Rule 36 requires a public hearing to be held for the injection of fluids containing hydrogen sulfide where:
 - a. injection fluid is a gaseous mixture, or would be a gaseous mixture in the event of a release to the atmosphere, and where the 100 ppm radius of exposure is in excess of 50 feet and includes any part of a public area

except a public road; or, if the 500 ppm radius of exposure is in excess of 50 feet and includes any part of a public road; or if the 100 ppm radius of exposure is 3,000 feet or greater; or

- b. the hydrogen sulfide content of the gas or gaseous mixture to be injected has been increased by a processing plant operation.
5. In this application the hydrogen sulfide content of the gas or gaseous mixture to be injected will be increased by a processing plant operation.
 - a. A hearing on the application was held on September 14, 2018.
 - b. The application is unopposed.
6. The Certificate of Compliance with Statewide Rule 36 (Form H-9) states that the maximum escape volume is 8,000 Mcfd and H₂S concentration is 50,000 ppm.
7. Notice of the application pursuant to Statewide Rule 36 and Statewide Rule 9 was provided to the surface owner of record, to Commission-designated operators of all active wells within one-half mile of the proposed AGI well, and to the Winkler County Clerk.
8. The Notice of Application pursuant to Statewide Rule 9 to dispose of treated acid gases by well injection was published in the *Odessa American*, a newspaper of general circulation in Winkler County on July 25, 2018.
9. There are no residences or public areas within the 100 ppm ROE or 500 ppm ROE for the well. One public road, State Highway 302, is located within the 100 ppm and 500 ppm ROE.
10. The Commission's Field Operations has reviewed and approved the Form H-9 (Certificate of Compliance Statewide Rule 36).
11. The Hydrogen Sulfide Coordinator for the Midland District Office has reviewed Form H-9. A field review and inspection were conducted on March 23, 2018. The review and inspection concluded that the Wildcat AGI Lease appears to be in compliance with Statewide Rule 36 and the measures Targa proposes to protect the public from the hazardous release of H₂S gas appears to be sufficient and appropriate under Statewide Rule 36.
12. This approval is contingent upon Targa maintaining compliance with Statewide Rule 36 at all times on the lease, and that all safety features and systems stated in the Wildcat Gas Plant and Acid Gas Injection Well Contingency Plan are in place and operational.

13. Targa agreed on the record that, pursuant to the provisions of Texas Government Code §2001.144(a)(4)(A), this Final Order shall be final and 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. Targa has complied with the requirements of Statewide Rule 36(c)(10)(A)(ii).
4. Pursuant to § 2001.144(a)(4)(A), of the Texas Government Code, and the agreement of the applicant, this Final Order is final and effective when a Master Order relating to this Final Order is signed.

EXAMINERS' RECOMMENDATION

Based on the above findings of fact and conclusions of law, the Examiners recommend that the Commission grant Statewide Rule 36 authorization for the Wildcat AGI #1 Lease, Well No. 1, in Winkler County, Texas, and Targa's application for a permit pursuant to Statewide Rule 9 for the above-referenced well be remanded for administrative consideration.

Respectfully submitted,



Karl Caldwell
Technical Examiner



Lynn Latombe
Administrative Law Judge