



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL AND GAS DOCKET NO. 01-0311676

APPLICATION OF ENERQUEST OPERATING L.L.C. (252058) FOR AN EXCEPTION TO STATEWIDE RULE 32 FOR THE MAHONEY UNIT (16728), EAGLEVILLE (EAGLE FORD-1) FIELD, MCMULLEN COUNTY, TEXAS

HEARD BY: Karl Caldwell – Technical Examiner
Kristi M. Reeve – Administrative Law Judge

HEARING DATE: September 20, 2018
RECORD CLOSED: September 20, 2018
CONFERENCE DATE: December 11, 2018

APPEARANCES: **REPRESENTING:**

APPLICANT: Enerquest Petroleum, LLC

James M. Clark,
Consulting Engineer

EXAMINERS' REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Enerquest Operating L.L.C. (Enerquest) seeks an extension of its current administrative flare permit (Permit No. 33235), which granted Enerquest authority to flare up to a maximum of 400 Mcfd of casinghead gas for the Mahoney Unit (Lease No. 01-16728), effective April 1, 2018, and expiring June 30, 2018. Notice of the application was provided to offset operators to the flare point. The application is unopposed, and the Technical Examiner and Administrative Law Judge (collectively, "Examiners") recommend approval of a Statewide Rule 32 exception renewal for the Mahoney Unit as requested by Enerquest.

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. On May 16, 2018, the Commission received a hearing request from Enerquest to extend its current Statewide Rule 32 exception, more than 21 days prior to the expiration of its administrative flaring permit.

Enerquest's Mahoney Unit Flare Point serves the Mahoney Unit, Well Nos. 1H, 2H and 3H. These wells were drilled in March 2013 and acquired by Enerquest on January 1, 2018. The wells are oil wells with an H₂S concentration of approximately 60,000 ppm. Since March of 2014, all of the gas production from this lease has been flared. However, Enerquest signed a gas sales contract with ETC, effective September 1, 2018, where ETC will take the high H₂S-concentration casinghead gas from the Mahoney Unit on an interruptible basis. Enerquest does not plan to flare continuously but will occasionally need to flare casinghead gas from this lease. Enerquest maintains production can be restored from the Mahoney Unit to approximately 1,000 Mcfd. Enerquest seeks a renewal of its current flare permit to flare a maximum of 1,000 Mcfd from its Mahoney Unit from July 1, 2018 to July 1, 2020.

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

FINDINGS OF FACT

1. Notice of this application and notice of hearing was provided to offset operators of the flare point at least ten days prior to the date of hearing. The application is unopposed.
2. On May 16, 2018, the Commission received a hearing request from Enerquest to extend the current Statewide Rule 32 exception for the Mahoney Unit (16728).
3. The wells on the Mahoney Unit are oil wells and the casinghead gas has a H₂S concentration of approximately 60,000 ppm.
4. Enerquest was granted Flare Permit No. 33235 for the Mahoney Unit, with an effective date of April 1, 2018 to June 30, 2018.
5. Enerquest requests a renewal of its current exception to Statewide Rule 32 for a period of two years.
6. Enerquest signed a gas sales contract with ETC effective September 1, 2018 where ETC will take the high H₂S-concentration casinghead gas from the Mahoney Unit on an interruptible basis.

7. Enerquest does not plan to flare continuously going forward but will occasionally need to flare casinghead gas from this lease.
8. Enerquest believes they can restore production from the Mahoney Unit to approximately 1,000 Mcfd.
9. Enerquest seeks a renewal of its current flare permit to flare a maximum of 1,000 Mcfd from its Mahoney Unit from July 1, 2018 to July 1, 2020
10. Enerquest agreed, 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. 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) (4) provides for an exception for more than 180 days and for volumes greater than 400 Mcf per day.
4. Pursuant to §2001.144(a)(4)(A), of the Texas Government Code, and the consent 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 an exception to Statewide Rule 32 a renewal of its current flare permit to flare a maximum of 1,000 Mcfd from its Mahoney Unit from July 1, 2018 to July 1, 2020.

Respectfully submitted,



Karl Caldwell
Technical Examiner



Kristi M. Reeve
Administrative Law Judge