



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL AND GAS DOCKET NO. 05-0315634

APPLICATION OF TACTICAL OPERATING COMPANY, LLC (834365) PURSUANT TO STATEWIDE RULE 46 AND 36 FOR A PERMIT TO INJECT FLUID INTO A RESERVOIR PRODUCTIVE OF OIL AND GAS FOR THE MOSELEY, JOHNNIE UNIT 1 (091950) LEASE, WELL NO. 1, EUSTACE (SMACKOVER) FIELD, HENDERSON COUNTY, TEXAS

HEARD BY: Petar Buva – Technical Examiner
Kristi M. Reeve – Administrative Law Judge

HEARING DATE: November 26, 2018
CONFERENCE DATE: February 26, 2019

APPEARANCES: REPRESENTING:

APPLICANT: Tactical Operating Company, LLC

Ana Maria Marsland, Attorney
Kerry L. Pollard, Engineer

EXAMINERS' REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Tactical Operating Company, LLC (834365) ("Tactical") requests authority pursuant to Statewide Rule 36 to inject fluids containing hydrogen sulfide (H₂S) into a reservoir productive of oil and gas for the Moseley, Johnnie Unit 1 (091950) Lease, Well No. 1, Eustace (Smackover) Field, Henderson County, Texas. Tactical has filed Form H-1 *Application to Inject Fluid into a Reservoir Productive of Oil and Gas* pursuant to Statewide Rule 46. The Statewide Rule 46 application is unopposed and may be administratively processed pursuant to Statewide Rule 46 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 November 26, 2018.

Tactical has filed a Form H-1 *Application to Inject Fluid into a Reservoir Productive of Oil and Gas* pursuant to Statewide Rule 46, dated June 26, 2018. In the Statewide Rule 46 application, Tactical has requested authority to inject up to 8,000 thousand cubic feet (“MCF”) per day of treated acid gas into the proposed Moseley, Johnnie Unit 1 (091950) Lease, Well No. 1. Pending approval of this Statewide Rule 36 application, the Statewide Rule 46 application will be remanded to the Underground Injection Control (UIC) Section for administrative processing of the application pursuant to Statewide Rule 46 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

Tactical is installing the proposed well in the vicinity of Eustace Gas Processing Plant, approximately 3.5 miles south-southwest of the town Eustace, Henderson County, to gather and process produced sour gas from nearby wells. The anticipated average input volume to the Eustace Gas Processing Plant will be approximately 5,000 MCF per day. The gathered produced gas will contain approximately 749,400 ppm H₂S as it enters the Eustace Gas Processing Plant. After processing, pipeline quality gas will be sent to markets, while treated acid gas containing approximately 44.75% H₂S, 4.72% CO₂, 3.23% N, and 47.27% 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 or commercial development. There are no residences or public buildings located within the 2,180-foot 100 ppm radius of exposure (“ROE”) or the 970-foot 500 ppm ROE as calculated using the Pasquill-Gifford equations outlined in Statewide Rule 36. No public roads are located with the 100 ppm and 500 ppm ROE. Applicant’s Form H-9 states that the maximum escape volume is 8,000 Mcfd and H₂S concentration is 794,400 ppm.

Notice of the application pursuant to Statewide Rule 36 and Statewide Rule 46 was provided to the surface owner of record, to Commission-designated operators of all active wells within one-half mile of the proposed injection well, and to the Henderson County Clerk. The Notice of Application pursuant to Statewide Rule 46 to dispose of treated acid gases by well injection was published in the *Athens Daily Review*, a newspaper of general circulation in Henderson County on July 25, 2018. The application pursuant to Statewide Rule 36 and Statewide Rule 46 is unopposed.

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 Kilgore District Office has reviewed the Form H-9. A field review and inspection were conducted on February 21, 2018, June 11, 2018, and August 28, 2018. Regarding the proposed acid gas injection, the review and inspection concluded that the Moseley, Johnnie Unit 1 Lease is in compliance with Statewide Rule 36, and the measures Tactical proposes to protect the public from the hazardous release of H₂S gas is sufficient and appropriate under Statewide Rule 36. This approval is contingent upon Tactical maintaining compliance with Statewide Rule 36 at all times on the Lease, and that all safety features and systems stated in the Eustace Gas Processing Plant and Acid Gas Injection Well Contingency Plan are in place and operational.

Tactical 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. Tactical Operating Company, LLC requests authority pursuant to Statewide Rule 36 to inject fluids containing hydrogen sulfide (H₂S) into the Moseley, Johnnie Unit 1 (091950) Lease, Well No. 1, Eustace (Smackover) Field, Henderson County, Texas.
2. Tactical has filed a Form H-1 *Application to Inject Fluid into a Reservoir Productive of Oil and Gas* pursuant to Statewide Rule 46.
3. The Statewide Rule 46 application is unopposed and may be administratively processed pursuant to Statewide Rule 46.
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 November 26, 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 794,400 ppm.
7. Notice of the application pursuant to Statewide Rule 36 and Statewide Rule 46 was provided to the surface owner of record, to Commission-designated operators of all active wells within one-half mile of the proposed well, and to the Henderson County Clerk.
8. The Notice of Application pursuant to Statewide Rule 46 to dispose of treated acid gases by well injection was published in the *Athens Daily Review*, a newspaper of general circulation in Henderson County on July 5, 2018.
9. There are no residences or public areas within the 100 ppm ROE or 500 ppm ROE for the well. There are no public roads 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 February 21, 2018, June 11, 2018, and August 28, 2018. The review and inspection concluded that the Moseley, Johnnie Unit 1 Lease is in compliance with Statewide Rule 36 and the measures Tactical proposes to protect the public from the hazardous release of H₂S gas is sufficient and appropriate under Statewide Rule 36.
12. This approval is contingent upon Tactical maintaining compliance with Statewide Rule 36 at all times on the Lease, and that all safety features and systems stated in the Eustace Gas Processing Plant and Acid Gas Injection Well Contingency Plan are in place and operational.
13. Tactical 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. Tactical 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 Moseley, Johnnie Unit 1 (091950) Lease, Well No. 1, Eustace (Smackover) Field, Henderson County, Texas, and Tactical's application for a permit pursuant to Statewide Rule 46 for the above-referenced well be remanded for administrative consideration.

Respectfully submitted,



Petar Buva
Technical Examiner



Kristi M. Reeve
Administrative Law Judge