



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL & GAS DOCKET NO. 02-0314124

THE APPLICATION OF ENCANA OIL & GAS (USA) INC. FOR AN EXCEPTION TO STATEWIDE RULE 32 TO FLARE GAS FROM THE HONS HOFFMANN FACILITY (COMMINGLING PERMIT NO. 02-6024), SUGARCANE (AUSTIN CHALK) FIELD, KARNES COUNTY, TEXAS.

HEARD BY: Richard Eyster, P. G. – Technical Examiner
Clayton Hoover – Administrative Law Judge

HEARING DATE: October 24, 2018

APPEARANCES:

Davin McGinnis
James M. Clark

Encana Oil & Gas (USA) Inc.

EXAMINERS' REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Encana Oil & Gas (USA) Inc. (Encana) seeks an exception to Statewide Rule 32 (16 Tex. Admin. Code §3.32) to flare casinghead gas from the Hons Hoffmann Facility (Commingling Permit No. 02-6024), Sugarcane (Austin Chalk) Field, Karnes County, Texas. Encana requests authorization to flare up to, but no more than, 5,000 Mcfd from its Hons Hoffmann surface commingled facility (Flare Permit No. 36238) from September 2, 2018 through September 2, 2020.

The application is not protested and the Technical Examiner and the Administrative Law Judge (collectively the Examiners) recommend the exception be granted.

DISCUSSION OF THE EVIDENCE

Statewide Rule 32 governs the utilization of gas well gas and casinghead gas produced by oil and gas wells under the jurisdiction of the Railroad Commission. Pursuant to flare permit no. 36238. Encana received authorization to flare up to 5000 mcf/d of casinghead gas from July 3, 2018, through September 1, 2018. On August 6, 2018 Encana applied for a hearing to extend the flaring exception.

There are eight wells connected to the Hons Hoffmann Facility. The wells were brought on line in July 2018. The wells are on gas lift and are connected to a high pressure sales line. These are oil wells and the primary value of production is in the liquids. Cumulative oil production through September 2018 is approximately 871,000 Bbl. Cumulative gas production through September 2018 is approximately 1,243 MMcf.

Encana stated that there is an ongoing need for intermittent flaring due to system upsets, compressor, and pipeline capacity issues. A review of data from 07/2018 to 9/2018 indicated that Encana is, indeed, selling most of the gas produced (98.2%) and that the flaring authority is only needed on an emergency basis.

Therefore, Encana requests authorization to flare up to, but no more than, 5,000 Mcf/d from its Hons Hoffmann surface commingled facility (Commingling Permit No. 02-6024) from September 2, 2018 through September 2, 2020. Encana stated that without additional flaring authority they will have to shut the wells in causing waste and harm to the reservoir.

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. Encana applied for a hearing to extend the flaring authority more than 21 days before the administrative permits expired.
3. Encana is requesting to flare 5,000 mcf/d of casinghead gas for two years from September 2, 2018 through September 2, 2020.
4. There is an ongoing need for intermittent flaring due to system upsets, maintenance, and pipeline capacity issues.
5. Without a Final Order authorizing the flaring, Encana will have to shut the wells in causing waste and possible harm to the reservoir.

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. Encana Oil & Gas (USA) Inc. 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 wells connected to the subject flare point.

EXAMINERS' RECOMMENDATION

Based on the above findings of fact and conclusions of law, the Examiners recommend the Commission enter an order approving the application as requested by Encana Oil & Gas (USA) Inc.

Respectfully submitted,

Richard Eyster, P. G.
Technical Examiner

Clayton Hoover
Administrative Law Judge