



# RAILROAD COMMISSION OF TEXAS

## HEARINGS DIVISION

**OIL AND GAS DOCKET NO. 03-0279393**

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**THE APPLICATION OF FAMCOR OIL, INC. FOR AN EXCEPTION TO STATEWIDE RULE 32 FOR THE SHEPHERD CENTRAL TANK BATTERY, FLARE NO. 1 AND FLARE NO. 2, SHEPHERD (WX CONS) FIELD, SAN JACINTO COUNTY, TEXAS**

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**HEARD BY:** Brian Fancher - Technical Examiner  
Randall Collins - Legal Examiner

**DATE OF HEARING:** December 7, 2012

**REPORT PREPARED BY:** Paul Dubois

**APPEARANCES:** **REPRESENTING:**

**APPLICANT:**

Tim George  
Mimi Winetroub

Famcor Oil, Inc.

### EXAMINERS' REPORT AND RECOMMENDATION

#### STATEMENT OF THE CASE

Famcor Oil, Inc. (Famcor) requests permanent flaring authority pursuant to Statewide Rule 32 for Flare No. 1 and Flare No. 2 at its Shepherd Central Tank Battery in the Shepherd (WX CONS) Field, San Jacinto County, Texas. Famcor requests permanent flaring authority of a combined 255 MCFD of hydrocarbon gas for both flares. Famcor further requests authority to report production of the estimated monthly volumes of hydrocarbon gas flared on Form R-3.

Current Commission practice is to not grant permanent flaring authority when unless the amount of hydrocarbon gas to be flared is less than 50 MCF/D. Unique circumstances at this facility, as described in the report, show a good cause for permanent authority to be granted. The application was not protested and the examiners recommend approval of the application.

### 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(h) provides that an exception to flare natural gas in volumes greater than 50 MCFGPD per well may be granted administratively for a period up to 180 days. Beyond that, Statewide Rule 32(h) provides that exceptions beyond 180 days shall be granted only in a final order signed by the Commission. In the context of the subject application, Famcor is requesting permanent authority to flare 255 MCF/D of waste gas from December 1, 2012 from the Shepherd Central Tank Battery, as provided by Statewide Rule 32(h).

The Famcor Shepherd Central Tank Battery facility is located approximately two miles south of Shepherd, San Jacinto County, Texas. The facility serves eleven gas wells from seven leases in the immediate area, all producing from the Shepherd (WX CONS) Field. The facility includes tanks, separators, compressors, treatment units, two flares, a sales line connection, and associated equipment. Natural gas produced from the Shepherd (WX CONS) Field requires treatment to reduce the CO<sub>2</sub> concentration in the gas prior to pipeline sales.

District 3 Commission staff inspected the facility on August 3, 2012 following a complaint made by a resident adjacent to the facility. The complainant alleged that gas releases have resulted in health problems for humans and livestock. The inspector did not find any violations at the facility. From August 14 to September 6, 2012 the resident notified the Commission five times about gas releases. Each time Famcor was notified, and after investigation determined most of the releases were due to compressor mechanical issues.

On September 27, 2012, District 3 Commission staff again inspected the facility, this time with an infrared camera to detect gas leaks. Small immeasurable leakage from the hatches of three of ten vessels was observed. Commission staff documented two violations of Statewide Rule 32 regarding flaring without a Commission permit. As a result of the neighbor concerns, inspections and discussion with District staff, Famcor decided to make several changes to the facility operations, including: (1) repair the leaking hatches, (2) obtain a RRC permit to flare gas (the facility has a TCEQ permit), (3) re-plumb the compressors so mechanical issues do not result in atmospheric venting, and (4) upgrade compressor starters to reduce noise.

A follow-up inspection was conducted by District staff on October 9, 2012. The repaired and built items were noted. No violations were reported. Famcor had obtained a 60-day permit for the flare (No. 12274, effective October 1, 2012 through November 30, 2012) and requested a hearing for permanent authority. The District closed the complaint file.

Famcor is requesting authority to flare up to 255 MCF/D combined from two flares

at the facility. There are two waste gas streams sent to the flares. The first stream of about 5 MCF/D is sent to Flare No. 2 and is comprised of (1) tank vapors from condensate tanks, (2) tank vapors from saltwater tanks, and (3) exhaust from compressor engines. The second waste gas stream of about 250 MCF/D is waste gas from the second stage of a CO<sub>2</sub> treatment unit. It is typically routed to Flare No. 1. The primary constituent of this stream is CO<sub>2</sub> (76%), and combustible organic constituents comprise about 21% according to data provided by Famcor. The gas is flared to combust the organic constituents. Two flares are necessary as one operates under higher pressure (Flare No. 1) and the other under lower pressure.

It is current Commission policy that permanent flaring authority will not generally be granted. With regard to this facility, however, the produced gas must be treated to reduce the CO<sub>2</sub> concentration before being sold, and treatment results in a 250 MCF/D waste stream that is mostly CO<sub>2</sub> and is also not saleable or usable.

Statewide Rule 32(f)(1)(D) states "hydrocarbon gas contained in the waste stream from a membrane unit or molecular sieve used to removed carbon dioxide... may be released provided that at least 85% of the hydrocarbon gas in the inlet gas stream is recovered and directed to a legal use." On September 30, 2013, Famcor provided data demonstrating treatment efficiency. The data is summarized below:

- There are two units for CO<sub>2</sub> treatment at the facility, MB01 and MB02
- The units are installed in series, so permeate (waste) gas from MB01 is the feed for MB02
- Data sampled on September 10, 2013 indicates
  - MB01 inlet flow of 2,245 MMSCFD (gas from the field wells)
  - MB02 permeate (waste gas) flow of 84 MSCFD, sent to flare
  - MB02 permeate (waste gas) composition of 40.528% CO<sub>2</sub>, yielding 50 MSCFD of hydrocarbon gas sent to flare.
  - 91.4% of hydrocarbon gas treated and sold.

The Shepherd Central Tank Battery treatment equipment meets the efficiency standard of Statewide Rule 32(f)(1)(D), and the permeate gas may be released. The Famcor facility has been the subject of several complaints from neighbors. Famcor has worked with District Commission staff to resolve the issues and has addressed the items identified by staff as needing attention. The requested flaring authority will allow Famcor to combust the waste gas from an efficient treatment system, avoid venting waste hydrocarbon gas to the atmosphere, and reduce impacts to and complaints from its neighbors. The examiners therefore recommend approval of Famcor's request.

The examiners recommend adoption of the following Findings of Fact and Conclusions of Law:

**FINDINGS OF FACT**

1. Proper notice was issued of this hearing. The application is not protested.
2. Flare #1 and Flare #2 at the Famcor Shepherd Central Tank Battery are part of facilities installed for treatment and handling of gas produced by Famcor's nearby wells in the Shepherd (WX CONS) Field.
3. Complaints from nearby residents prompted a series of inspections by Commission District staff in August, September and October of 2012.
4. Famcor determined that compressor failure resulted in gas emissions, which were not plumbed to the existing flares.
5. Commission staff identified small gas leaks from tanks and facilities.
6. Famcor has conducted remedial work on the Shepherd Central Tank Battery to seal leaking equipment and plumb compressor exhaust lines to the flare system.
7. Famcor has a TCEQ permit for its flare, but not a RRC permit.
8. Famcor has obtained an RRC permit (No. 12274, effective October 1, 2012 through November 30, 2012), the extension of which is the subject of this docket.
9. Gas produced from this field requires treatment to reduce the CO<sub>2</sub> concentration prior to sales.
10. The two-stage CO<sub>2</sub> treatment system removes 91.4% of the hydrocarbon gas from the inlet stream.
11. Statewide Rule 32(f)(1)(D) states "hydrocarbon gas contained in the waste stream from a membrane unit or molecular sieve used to removed carbon dioxide... may be released provided that at least 85% of the hydrocarbon gas in the inlet gas stream is recovered and directed to a legal use."
12. The Famcor Shepherd Central Tank Battery treatment system meets the efficiency standard of Statewide Rule 32(f)(1)(D)
13. It is not Commission practice to issue a permanent exception to Statewide Rule 32 for the flaring of gas.

14. In this situation, a permanent exception for the flaring of gas is justified because (1) the treatment equipment meets the efficiency standards specified in Statewide Rule 32, (2) flaring the permeate (waste) gas and plumbing other equipment to the flares will reduce the likelihood of impacts to or complaints from neighbors, and (3) Famcor and District staff cooperated on this approach to resolution.

**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. Approval of the requested authority pursuant to Statewide Rule 32 will prevent waste, will not harm correlative rights, and will promote orderly development of the field.

**EXAMINERS' RECOMMENDATION**

Based on the above findings of fact and conclusions of law, the examiners recommend that the Commission grant a permanent exception to Statewide Rule 32 to allow the operator to flare gas at Flare No. 1 and Flare No. 2, Shepherd Central Tank Battery in the combined total amount of 255 MCF/D with authorization to the operator to report estimated volumes of any flared hydrocarbon gases on Form R-3.

Respectfully submitted,



Paul Dubois  
Technical Examiner



Randall Collins  
Legal Examiner