



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL AND GAS DOCKET NO. 01-0298660

THE APPLICATION OF VALENCE OPERATING COMPANY FOR AN EXCEPTION TO STATEWIDE RULE 32 FOR THE PEARCE TANK BATTERY, EAGLEVILLE (EAGLE FORD-1) FIELD, ATASCOSA COUNTY, TEXAS

OIL AND GAS DOCKET NO. 01-0298661

THE APPLICATION OF VALENCE OPERATING COMPANY FOR AN EXCEPTION TO STATEWIDE RULE 32 FOR THE CHARLOTTE TANK BATTERY, EAGLEVILLE (EAGLE FORD-1) FIELD, ATASCOSA COUNTY, TEXAS

HEARD BY: Paul Dubois – Technical Examiner
Ryan Lammert – Administrative Law Judge

HEARING DATE: December 21, 2015

CONFERENCE DATE: February 3, 2016

APPEARANCES:

REPRESENTING:

Rick Johnston, P.E.

Valence Operating Company

EXAMINERS' REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Pursuant to Statewide Rule 32 (16 Tex. Admin. Code §3.32) Valence Operating Company (Valence) seeks Commission authority to flare gas from the Pearce and Charlotte Tank Batteries, in the Eagleville (Eagle Ford-1) Field, Atascosa County, Texas. Valence currently holds administrative authority to flare gas from the subject facilities, and seeks authority to continue to flare for a period of two years. The subject facilities are connected to pipelines and Valence is currently selling the produced casinghead and gas well gas. The requested authority is for emergency flaring only, during system upset or pipeline capacity limitations. Valence seeks authority to flare up to 100 thousand cubic feet (mcf) of gas per day from the Pearce Tank Battery, and up to 500 mcf of gas per day from

the Charlotte Tank Battery. The applications were not protested. The Examiners recommend the exceptions be granted.

DISCUSSION OF EVIDENCE

Gas well gas and casinghead gas produced through the Pearce Tank Battery is delivered to the Regency sour gas processing facility. The produced gas contains up to 17,000 parts per million hydrogen sulfide. The Regency facility has experienced some operational issues, and on occasion Valence must flare produced gas when the Regency plant is down. On June 23, 2015, Valence received administrative authority (Permit No. 22550) to flare a maximum of 100 mcf gas per day from the Pearce Tank Battery in Atascosa County. The authority was granted for the period of time from May 10, 2015 through August 8, 2015, a period of 90 days. On July 17, 2015, the authority was extended administratively for another 90 days and was set to expire on November 7, 2015. On October 20, 2015, Valence requested a hearing to extend the flaring authority by a Commission Final Order for a period of two years. Valence stated the need for the flaring authority was to cover periods during operational upsets when gas is flared. There is not a continuous need to flare gas from the facility, only a need for the authority to flare when needed. Valence requests authority to flare up to 100 mcf gas per day from the Pearce Tank Battery from November 8, 2015 through November 7, 2017.

Gas well gas and casinghead gas produced through the Charlotte Tank Battery is delivered to the Regency sour gas processing facility. The produced gas contains up to 17,000 parts per million hydrogen sulfide. The Regency facility has experienced some operational issues, and on occasion Valence must flare produced gas when the Regency plant is down. On June 23, 2015, Valence received administrative authority (Permit No. 22549) to flare a maximum of 500 mcf gas per day from the Pearce Tank Battery in Atascosa County. The authority was granted for the period of time from May 10, 2015 through August 8, 2015, a period of 90 days. On July 17, 2015, the authority was extended administratively for another 90 days and was set to expire on November 7, 2015. On October 20, 2015, Valence requested a hearing to extend the flaring authority by a Commission Final Order for a period of two years. Valence stated the need for the flaring authority was to cover periods during operational upsets when gas is flared. There is not a continuous need to flare gas from the facility, only a need for the authority to flare when needed. Valence requests authority to flare up to 500 mcf gas per day from the Pearce Tank Battery from November 8, 2015 through November 7, 2017.

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. Gas well gas and casinghead gas produced through the Pearce and

Charlotte Tank Batteries contains up to 17,000 parts per million hydrogen sulfide.

3. Valence sells gas produced through both the Pearce and Charlotte Tank Batteries to the Regency sour gas processing facility, which has had some operational issues
4. Operational issues at the Regency facility cause Valence to flare produced gas when the Regency plant is down.
5. On June 23, 2015, Valence received administrative authority (Permit No. 22550) to flare a maximum of 100 mcf gas per day from the Pearce Tank Battery.
 - a. The authority was granted for the period of time from May 10, 2015 through August 8, 2015, a period of 90 days. On July 17, 2015, the authority was extended administratively for another 90 days and was set to expire on November 7, 2015.
 - b. On October 20, 2015, Valence requested a hearing to extend the flaring authority by a Commission Final Order for a period of two years.
 - c. Valence stated the need for the flaring authority was to cover periods during operational upsets when gas is flared. There is not a continuous need to flare gas from the facility, only a need for the authority to flare when needed.
 - d. Valence requests authority to flare up to 100 mcf gas per day from the Pearce Tank Battery from November 8, 2015 through November 7, 2017.
6. On June 23, 2015, Valence received administrative authority (Permit No. 22549) to flare a maximum of 500 mcf gas per day from the Charlotte Tank Battery.
 - a. The authority was granted for the period of time from May 10, 2015 through August 8, 2015, a period of 90 days. On July 17, 2015, the authority was extended administratively for another 90 days and was set to expire on November 7, 2015.
 - b. On October 20, 2015, Valence requested a hearing to extend the flaring authority by a Commission Final Order for a period of two years.

- c. Valence stated the need for the flaring authority was to cover periods during operational upsets when gas is flared. There is not a continuous need to flare gas from the facility, only a need for the authority to flare when needed.
 - d. Valence requests authority to flare up to 100 mcf gas per day from the Pearce Tank Battery from November 8, 2015 through November 7, 2017.
7. Continued authority to flare gas on an intermittent basis will allow Valence to continue to produce oil and condensate from the wells that supply the Pearce and Charlotte Tank Batteries.

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 § 1.45
3. Continued authority to flare gas will prevent waste of oil and condensate and protect correlative rights.

RECOMMENDATION

Based on the above findings of fact and conclusions of law, the Examiners recommend the Commission enter an order granting the application of Valence Operating Company to flare up to 100 mcf gas per day from its Pearce Tank Battery and 500 mcf gas per day from its Charlotte Tank Battery for a period of two years from the expiration of its existing administrative permits.

Respectfully submitted,



Paul Dubois
Technical Examiner



Ryan Lammert
Administrative Law Judge