



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL & GAS DOCKET NO. 01-0300401

THE APPLICATION OF COMSTOCK OIL & GAS, LP FOR EXCEPTIONS TO STATEWIDE RULE 32 TO FLARE GAS FROM TWENTY-ONE FLARE POINTS IN THE EAGLEVILLE (EAGLE FORD-1) FIELD, LA SALLE AND MCMULLEN COUNTIES, TEXAS.

HEARD BY: Paul Dubois – Technical Examiner
Jennifer Cook – Administrative Law Judge

HEARING DATE: July 1, 2016

CONFERENCE DATE: September 27, 2016

APPEARANCES:

Dale Miller

Exco Operating Company, LP

EXAMINERS' REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Comstock Oil & Gas, LP (“Comstock”) requests exceptions to Statewide Rule 32 (16 Tex. Admin. Code § 3.32) to flare gas from twenty-one flare points in the Eagleville (Eagle Ford-1) Field in La Salle and McMullen Counties, Texas. Comstock requests what it terms “emergency authority” to flare varying quantities of gas as needed from the subject facilities. All of the facilities are connected to sales pipelines. However, there is an ongoing need for intermittent flaring due to system upsets, maintenance, and pipeline capacity issues. Comstock has received prior authorization to flare gas under administrative permits and Commission Final Orders. Under the prior authorities, Comstock was authorized to flare up to 45,905 mcf (~45 million cubic feet) of gas per day from the flare points. Comstock seeks to extend these authorities for two years. A review of data from January to March 2016 indicated an average daily flare rate of only 2,003 mcf gas, about 15 percent of the gas produced. This indicates that Comstock is, indeed, selling most of the gas produced and that the flaring authority is only needed on an emergency basis. Comstock requests authority in this case to flare a maximum volume of 14,364 mcf gas. This volume is based on the current daily casinghead gas production rates for the wells that are connected to the subject flare points, and therefore represents a worst-case flaring scenario. The application was not protested. The Examiners recommend the exceptions be granted.

DISCUSSION OF THE EVIDENCE

Comstock requests exceptions to flare gas from twenty-one flare points in the Eagleville (Eagle Ford-1) Field in La Salle and McMullen Counties, Texas. Generally, Statewide Rule 32 governs the utilization for legal purposes of natural gas produced under the jurisdiction of the Railroad Commission. Comstock seeks relief in the captioned docket pursuant to Statewide Rule 32(f)(2)(D), as follows:

The commission or the commission's delegate may administratively grant or renew an exception to the requirements of limitations of this subsection subject to the requirements of subsection (h)...if the operator of a well or production facility presents information to show the necessity for the release...

Statewide Rule 32(h)(4) states:

Requests for exceptions for more than 180-days and for volumes greater than 50 mcf of hydrocarbon gas per day shall be granted only in a final order signed by the commission.

Because Comstock requests an exception for more than 180 days and to flare more than 50 mcf of hydrocarbon gas per day, the procedure to address Comstock's request for an exception is through a hearing resulting in a final order signed by the Commission.

All of the wells feeding into the subject flare points are also connected to gas sales lines, and Comstock sells most of the gas produced from these wells. However, there is an ongoing need for intermittent flaring from these facilities due to system upset events, maintenance, or pipeline capacity issues. In addition, the subject wells produce gas that contain hydrogen sulfide.

Comstock has obtained flaring authority for 20 of the 21 flare points through four Final Orders issued by the Commission. One flare point has not previously received an exception to flare gas, but the gas from that flare point (No. 18) had previously been accounted for in the permit for another flare point (No. 3). The following table identifies the 21 flare points and other flare point and permit information. The table also indicates the requested daily volume that Comstock seeks for an additional two years.

Flare Point	Flare Point Name	Docket No. for Prior Authority	Flare Permit No.	Prior Authorized Flare Volume (Mcf/d)	Requested Flare Volume (Mcf/d)
#1	Carlson/Donnell TB Flare Pt 1	01-0288781	16652	520	738
#2	Carlson/Donnell TB Flare Pt 2	01-0297433	16653	760	579
#3	Cortez TB Flare Pt 1	01-0297433	16525	3,000	433
#4	Cortez North TB	01-0288781	16524	1,210	948

Flare Point	Flare Point Name	Docket No. for Prior Authority	Flare Permit No.	Prior Authorized Flare Volume (Mcf/d)	Requested Flare Volume (Mcf/d)
#5	Cutter Creek TB Flare Pt 1	01-0288781	16650	2,080	532
#6	Cutter Creek TB Flare Pt 2	01-0288781	16651	1,300	260
#7	Forrest Wheeler TB	01-0288781	16657	265	113
#8	Forrest Wheeler South TB	01-0288781	16656	4,500	621
#9	Gloria Wheeler TB Flare Pt 1	01-0288781	16526	5,330	1,165
#10	Gloria Wheeler TB Flare Pt 2	01-0288781	17059	3,550	524
#11	Haynes "A" TB	01-0288781	16522	1,510	270
#12	Hill TB	01-0288781	16529	2,230	644
#13	Hubberd TB Flare Pt 1	01-0288781	16523	520	152
#14	Rancho Tres Hijos TB Flare Pt 1	01-0288781	16654	1,500	198
#15	Rancho Tres Hijos TB Flare Pt 2	01-0288781	16655	5,200	404
#16	Swenson TB	01-0288781	16527	2,780	685
#17	Swenson South TB	01-0288781	16528	2,150	568
#18	Cortez TB Flare Pt 2	n/a	n/a	n/a	706
#19	Cutter Creek A/B TB	01-0288181	15896	2,000	390
#20	Hubberd TB Flare Pt 2	01-0296646	21912	1,500	1,017
#21	Y-Bar TB	01-0292301	16660	4,000	3,417
Total:				45,905	14,364

The flaring authority for all flare points except nos. 18 and 19 expired on April 1, 2016. The flaring authority for flare point no. 19 expired on March 21, 2016. On April 28, 2016 Comstock requested a hearing to extend the flaring authority for all 20 of the prior-permitted flare points and added flare point no. 18.

Under the prior authorities, Comstock was authorized to flare up to 45,905 mcf (~45 million cubic feet) of gas per day from the flare points. A review of data from January to March 2016 indicated an average daily flare rate of only 2,003 mcf gas from 13,548 mcf gas per day produced. This indicates that Comstock is, indeed, selling most of the gas produced and that the flaring authority is only needed on an emergency basis. Comstock requests authority in this case to flare a maximum volume of 14,364 mcf gas. This volume is based on the current daily casinghead gas production rates for the wells that are connected to the subject flare points, and therefore represents a worst-case flaring scenario.

Absent continued authority to flare gas on an emergency basis, Comstock would have to either file exception requests on an as-needed basis, which, it argues, increases the administrative

burden on Comstock and Commission staff. In the alternative, Comstock would have to cut production of all hydrocarbon streams until the intermittent issue was resolved.

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 the hearing.
2. The 21 flare points that are the subject of this docket are located in La Salle and McMullen Counties. The wells that are connected to the subject flare points produce oil and casinghead gas from the Eagleville (Eagle Ford-1) Formation.
3. All of the wells feeding into the subject flare points are connected to gas sales lines, and Comstock sells most of the gas produced from these wells.
4. There is an ongoing need for intermittent flaring from these facilities due to system upset events, maintenance, or pipeline capacity issues.
5. Comstock has received authority to flare gas from the all but one of the subject flare points through four Commission Final Orders, which expired on March 21, 2016 and April 1, 2016.
6. The prior authority to flare gas was for a total of 45,905 mcf gas per day, or 45.905 million cubic feet of gas per day.
7. From January through March, 2016, Comstock produced 13,548 mcf gas per day and flared 2,003 mcf gas per day, on average.
8. Comstock requests continued authority to flare gas on an emergency basis for a period of two years. Comstock seeks a maximum daily flare volume of 14,364 mcf gas, which is based on its current cumulative production from the wells connected to the subject flare points.
9. The requested flaring authority will ease the administrative burden on Comstock and Commission staff.

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. Comstock 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 points.

EXAMINERS' RECOMMENDATION

Based on the above findings of fact and conclusions of law, the Examiners recommend the Commission enter an order granting the application of Comstock Oil & Gas, LP to flare up to 14,364 mcf gas per day from the 21 subject flare points in the Eagleville (Eagle Ford-1) Field, La Salle and McMullen Counties, Texas, from April 28, 2016 through April 27, 2018.

Respectfully submitted,



Paul Dubois
Technical Examiner



Jennifer Cook
Administrative Law Judge