



# RAILROAD COMMISSION OF TEXAS

## HEARINGS DIVISION

OIL AND GAS DOCKET NO. 01-0299473

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**THE APPLICATION OF EP ENERGY E&P COMPANY, L.P. FOR AN EXCEPTION TO STATEWIDE RULE 32 FOR THE HIXON EAST CENTRAL PRODUCTION FACILITY, EAGLEVILLE (EAGLE FORD-1) FIELD, LA SALLE COUNTY, TEXAS**

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**HEARD BY:** Brian Fancher, P.G. – Technical Examiner  
Marshall F. Enquist – Administrative Law Judge

**HEARING DATE:** May 5, 2016  
**SUBMISSION DATE:** September 26, 2016  
**CONFERENCE DATE:** October 11, 2016

**APPEARANCES:**

**REPRESENTING:**

**APPLICANT:**

Mark Hanna  
Matt Immel

EP Energy E&P Company, L.P.

### EXAMINERS' REPORT AND RECOMMENDATION

#### STATEMENT OF THE CASE

Pursuant to 16 Tex. Admin. Code §3.32, EP Energy E&P Company, L.P. (EP) seeks an exception to flare casinghead gas produced from the Eagleville (Eagle Ford-1) Field (Field) that is handled at its Hixon East Central Production Facility (Hixon CPF) (Subject Application). The application is unopposed. The Examiners recommend that it be approved.

#### DISCUSSION OF THE EVIDENCE

##### Applicable Rule

16 Tex. Admin. Code §3.32 (SWR 32) governs flaring of natural gas produced under the jurisdiction of the Railroad Commission. Titled "Exceptions," SWR 32(h) 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.

### Application Background

Matt Immel, Senior Facilities Engineering Coordinator at EP, testified on behalf of EP.

Notice of hearing for the subject application was sent by U.S. mail directed to all operators in the Field that offset the Hixon East Lease, as well as the Oil & Gas Division, on April 7, 2016.<sup>1</sup>

EP applied for, and received, administrative authority to flare up to 5,000 MCF of casinghead gas for 180 consecutive days at the Hixon CPF (Flare Permit No. 23146), effective July 8, 2015.<sup>2</sup> That authority expired on January 5, 2016. EP submitted its request for hearing on the Subject Application on January 20, 2016.

EP submitted a copy of a Statewide Rule 32 Exception Data Sheet to represent its requested relief in the subject application.<sup>3</sup> EP seeks a Final Order to provide it authority in flaring up to 5,000 MCF of casinghead gas per day for two years, effective January 20, 2016.

The Hixon CPF is surrounded by numerous horizontal wells completed in the Field that are located within a large acreage-block operated by EP.<sup>4</sup> The Hixon CPF serves about 12 of those horizontal wells. They are connected by gathering pipelines to the Hixon CPF. The Hixon CPF is connected by pipeline to a market gas pipeline operated by Kinder Morgan. In the normal course of business, EP plans to produce and sell casinghead gas handled at its Hixon CPF. However, EP occasionally encounters downtimes at the Hixon CPF due to a lack of gas pipeline compression. Therefore, the purpose of the subject application is to obtain a permit that provides for intermediate downtimes at the Hixon CPF.

EP submitted tables that provide volumes flared at the Hixon CPF between April 1, 2015 and March 31, 2016.<sup>5</sup> That table indicates that EP flared a total of 10,688 MCF of casinghead gas in that period. In other words, the average amount of casinghead gas flared in that period was 29 MCF per day. The maximum volume of gas flared during that period was 152 MCFG.

EP submitted a second table entitled, "Hixon East CPF; Production Forecast".<sup>6</sup> That table focuses on anticipated production volumes handled by the Hixon CPF from June 30, 2016 to September 30, 2017. EP expects to encounter roughly 250 barrels of oil per day and 1,550 MCF of casinghead gas per day at the Hixon CPF. That production forecast is based on a type curves for numerous wells that include existing and future wells to be drilled.<sup>7</sup>

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<sup>1</sup> EP Exh. No. 1.

<sup>2</sup> EP Exh. No. 6.

<sup>3</sup> EP Exh. No. 3.

<sup>4</sup> EP Exh. No. 2.

<sup>5</sup> EP Exh. No. 7.

<sup>6</sup> EP Exh. No. 8.

<sup>7</sup> Testimony at 15:15 of audio recording.

**FINDINGS OF FACT**

1. EP Energy E&P Company, L.P. (EP) seeks an exception to flare up to 5,000 MCFG per day of casinghead gas produced from the Eagleville (Eagle Ford-1) Field (Field) that is handled at its Hixon East Central Production Facility (Hixon CPF) for two years, effective January 20, 2016 (Subject Application).
2. Notice of hearing for the subject application was sent by U.S. mail directed to all operators in the Field that offset the Hixon East Lease, as well as the Oil & Gas Division, on April 7, 2016.
3. EP was the only party that attended the hearing held for the Subject Application.
4. EP applied for, and received, administrative authority to flare up to 5,000 MCF of casinghead gas for 180 consecutive days at the Hixon CPF (Flare Permit No. 23146), effective July 8, 2015 through January 5, 2016.
5. EP submitted its hearing request for the Subject Application on January 20, 2016.
6. The Hixon CPF is surrounded by numerous horizontal wells completed in the Field that are located within a large acreage-block operated by EP.
7. The Hixon CPF serves 12 existing horizontal wells.
8. EP plans to utilize the Hixon CPF for continued development of the Field.
9. The Hixon CPF is connected by pipeline to a gas market pipeline that is operated by Kinder Morgan.
10. EP's gas pipeline system that supports the Hixon CPF periodically encounters compression that is low enough to necessitate flaring of casinghead gas.
11. Approval of the subject application is in accordance with 16 Tex. Admin. Code §3.32(h).

**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. Legally sufficient notice has been provided to all affected persons.
3. The requested authority to flare casing-head gas as specified in Finding of Fact No. 1 above, effective January 20, 2016, satisfies the requirements of Title 16 TAC §3.32.

EXAMINERS' RECOMMENDATION

The Examiners recommend that the Commission grant EP Energy E&P Company, L.P. an exception to flare casing-head gas as specified in Finding of Fact No. 1 above from the Field, effective January 20, 2016.

Respectfully submitted,



Brian Fancher, P.G.  
Technical Examiner



Marshall F. Enquist  
Administrative Law Judge