



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL AND GAS DOCKET NO. 7C-0299944

THE APPLICATION OF EP ENERGY E&P COMPANY, L.P. FOR AN EXCEPTION TO STATEWIDE RULE 32 FOR THE UNIVERSITY EAST 4324 CENTRAL PRODUCTION FACILITY, LIN (WOLFCAMP) FIELD, CROCKETT COUNTY, TEXAS

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 Lin (Wolfcamp) Field (Field) that is handled at its University East 4324 Central Production Facility (4324 CPF) (Subject Application). The application is unprotested. 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 University East 4324 Lease, as well as the Oil & Gas Division, on April 7th and May 6, 2016.¹

On December 2, 2014, the Commission entered a Final Order authorizing EP to flare up to 2,000 MCF of casinghead gas at the 4324 CPF for two years, effective April 28, 2014.² The purpose of the Subject Application is to continue that authority for an additional two years.

EP submitted a copy of a Statewide Rule 32 Exception Data Sheet to represent its requested relief in the subject application.³ 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 April 29, 2016. EP's requested increase from 2,000 to 5,000 MCFG per day is due to planned future wells.

The 4324 CPF serves roughly 17 horizontal wells. They are connected by gathering pipelines to the 4324 CPF. The 4324 CPF is connected by pipeline to a market gas pipeline operated by West Texas Gas / Lucid Gas. EP asserted that flaring from the 4324 CPF is necessary due to third party take-away issues, which occasionally impact EP's operations at that location.

EP submitted a tabulation that forecasts the daily production volumes anticipated to be seen at the 4324 CPF between June 30, 2016 and September 30, 2017. That tabulation indicates that the average daily gas volume will be 12,214 MCF.

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 Lin (Wolfcamp) Field (Field) that is handled at its University East 4324 Central Production Facility (4324 CPF) for two years, effective April 29, 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 7th and May 6, 2016.
3. EP was the only party that attended the hearing held for the Subject Application.

¹ EP Exh. No. 1.

² EP Exh. No. 6.

³ EP Exh. No. 3.

4. On December 2, 2014, the Commission entered Final Order No. 7C-0288791 granting EP authority to flare up to 2,000 MCFG of casinghead gas per day at the 4324 CPF for two years, effective April 28, 2014.
5. EP's requested volume increase from 2,000 to 5,000 MCFG per day in the Subject Application is due to planned future wells.
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 roughly 17 existing horizontal wells.
8. EP plans to utilize the 4324 CPF for continued development of the Field.
9. The 4324 CPF is connected to by pipeline to a gas market pipeline that is operated by West Texas Gas / Lucid Gas.
10. EP periodically encounters third party takeaway issues that result in the need to flare casinghead gas at the 4324 CPF.
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 April 29, 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 April 29, 2016.

Respectfully submitted,



Brian Fancher, P.G.
Technical Examiner



Marshall F. Enquist
Administrative Law Judge