



Railroad Commission of Texas

Statewide Rule 32 – Venting & Flaring

August 5, 2021

The meeting will begin shortly.





Statewide Rule 32: Venting & Flaring

Nathan Nattin
August 5, 2021



Power Point Presentation



This presentation is available for download from the RRC website at

<https://www.rrc.texas.gov/oil-and-gas/workshops-and-conferences/rrc-regulatory-webinars/regulatory-webinars-2021-schedule/>

RRC Mission



Our mission is to serve Texas by our stewardship of natural resources and the environment, our concern for personal and community safety, and our support of enhanced development and economic vitality for the benefit of Texans.

Statewide Rule 32



Texas Administrative Code (TAC) Title 16, Part 1, Chapter 3 §3.32

Gas Well Gas and Casinghead Gas Shall
Be Utilized for Legal Purposes



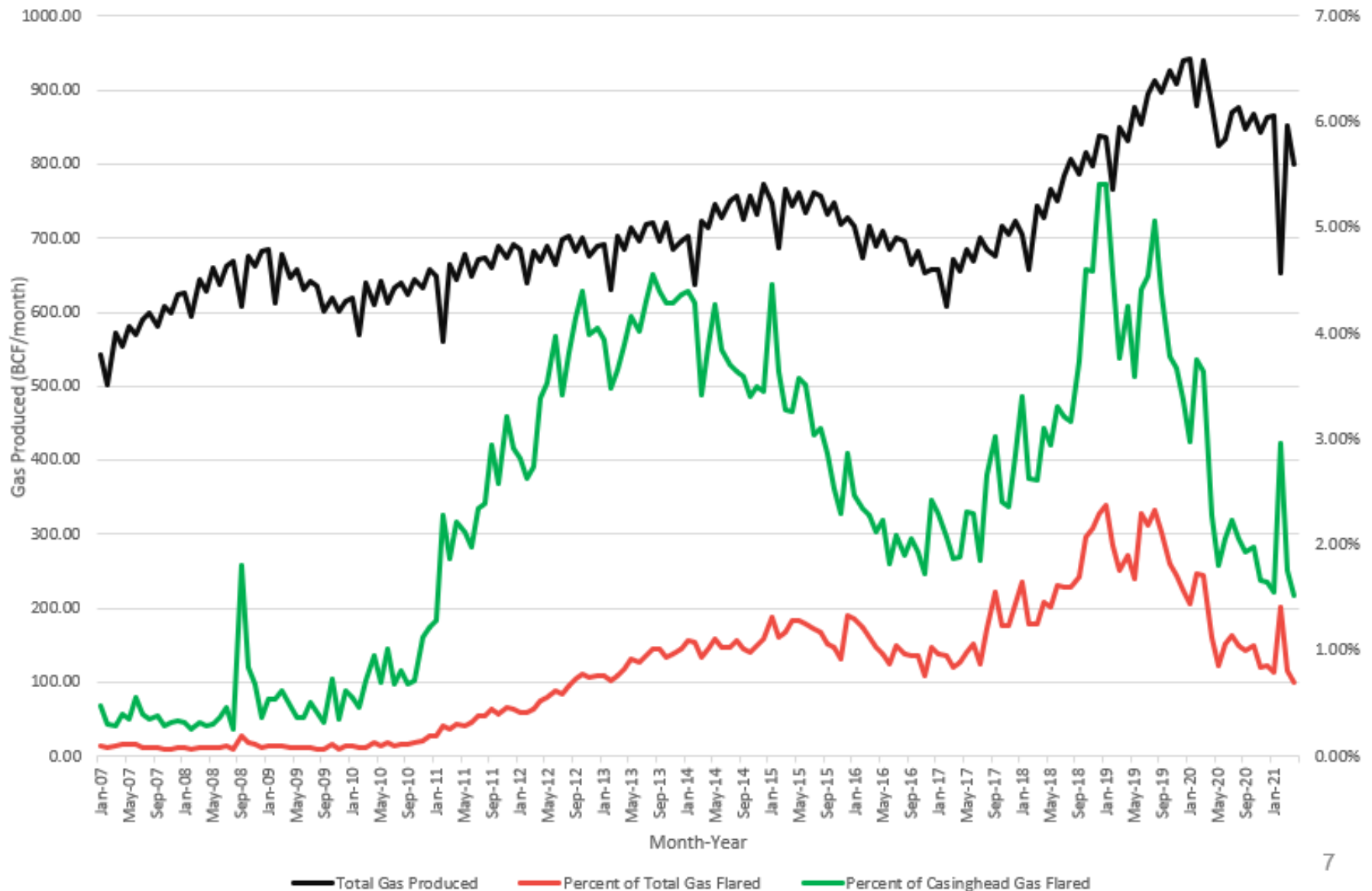
Flaring Exceptions



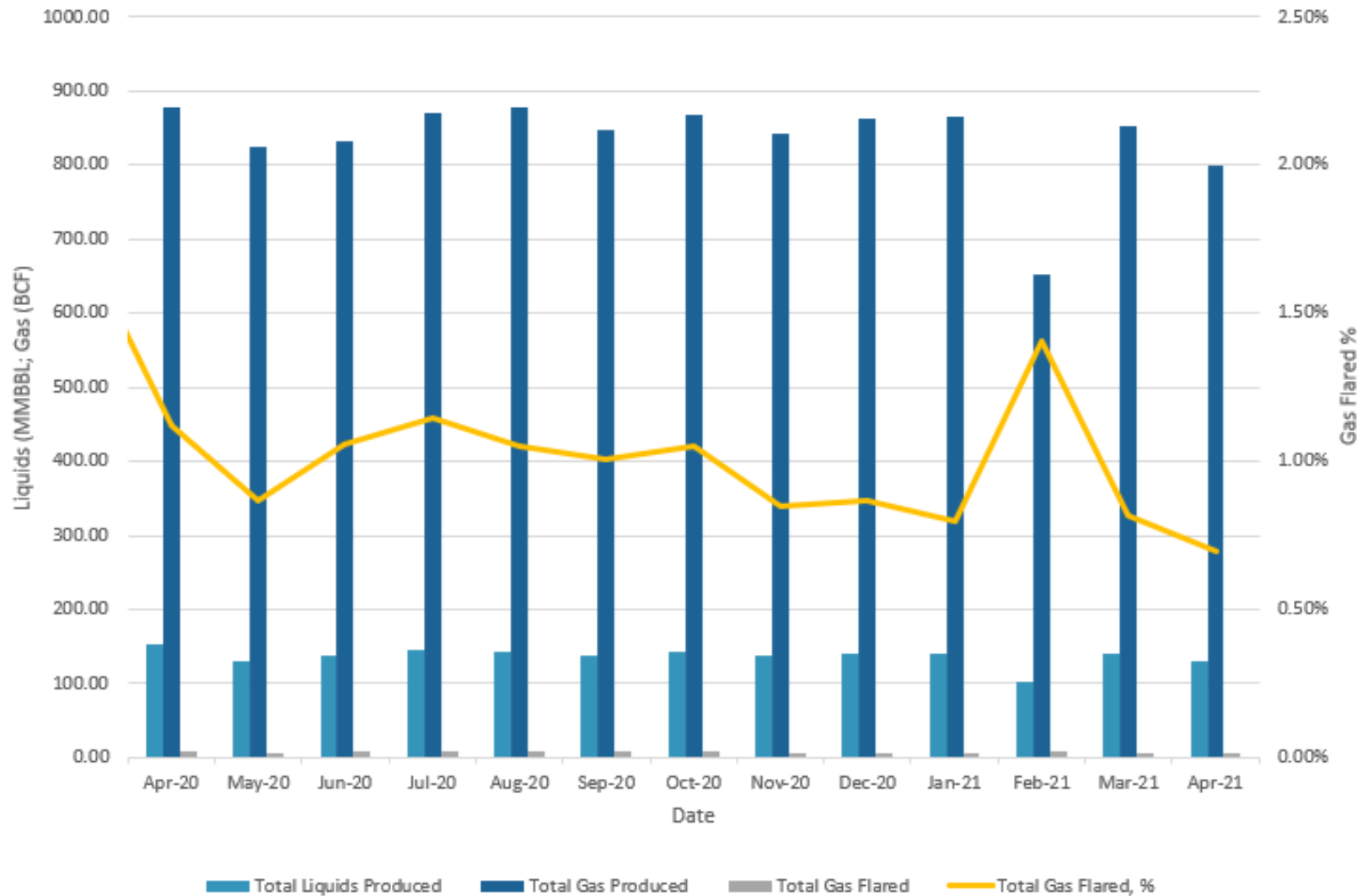
To put these numbers in context, as of August 31, 2020 Texas had 294,271 producing oil and gas wells, so venting and flaring involves just a small fraction of the state's oil wells.

FISCAL YEAR	FLARE PERMITS ISSUED
2020	4,521
2019	6,972
2018	5,488
2017	3,708
2016	4,870
2015	5,689
2014	5,313
2013	3,092
2012	1,963
2011	651
2010	306
2009	158

Statewide Flaring Percentage



Statewide Flaring Percentage



Introduction



Gas must be used for lease operations or sold if it can be readily measured by devices (meters) routinely used in the operations of oil wells, gas wells, gas gathering systems or gas plants.



Session Description



- ***Exemptions from the rule***
 - *When does SWR 32 not apply? No metering required!*
- **Authorized Flaring and Venting**
 - Flaring without an exception under special conditions. Meter all gas and report on Production Report.
- **Flaring Exceptions**
 - What is required for an exception and what does it do for an operator?
- **Additional Information**

Exemptions



- Tank vapors from:
 - crude oil storage tanks
 - gas well condensate storage tanks
 - salt water storage tanks
- Fugitive emissions of gas
- Amine treater, glycol dehydrator flash tank, and/or reboiler emissions
- Blowdown gas from gas handling equipment for construction, maintenance or repair

Exemptions (cont.)



- Gas purged from compressor cylinders or other gas handling equipment for startup
- Gas released:
 - at a well site during drilling operations prior to the completion date of the well must be separated from drilling fluids using a mud-gas separator, or mud-degasser
 - During completion or re-completion (hydraulic fracturing)

Statewide Rule 32



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Gas Releases to be Flared or Vented



- The Commission may require flaring of releases of gas not readily measured if the Commission determines that flaring is required for safety reasons (e.g. high concentrations of H₂S).
- All gas releases **>24 hours** duration shall be burned in a flare, if the gas can burn safely
- All gas releases of **≤24 hours** duration may be vented to the air if not required to be flared for safety reasons (contact District Office for verification)

Gas Releases Authorized by Rule



Authorized gas releases during production operations must be measured (metered) and be reported on monthly Production Reports. **Flaring beyond the limits set in the following scenarios requires an exception to be granted.**

- Produced gas not to exceed **10** producing days after initial completion, recompletion in another field, or workover in the same field.
- Gas that must be unloaded from a well may be vented up to **24 hours** in one continuous event or up to **72 cumulative hours** in one month.

Gas Releases Authorized by Rule (cont.)



- Gas from a lease production facility may be released for up to **24 hours** in the event of a pipeline or gas plant upset.
- Gas contained in waste stream from molecular sieve or membrane gas treatment unit, provided at least **85%** of inlet gas is recovered and directed to legal use.
- **Low pressure separator** gas, up to **15 mcf** for gas wells, **50 mcf** for oil leases or commingled points (gas must pass through separator, heater-treater, free-water knockout, or other low-pressure equipment prior to release).

Gas Releases from Gas Gathering System or Gas Plant



- May be released for up to **24 hours** in the event of a pipeline or gas plant upset. Notify the local District Office as soon as reasonably possible after release begins.
- If gas plant operator presents information that shows necessity of release is justified beyond **24 hours**, operator may continue to flare gas. Operator must file exception request within **one business day** after first **24 hours** of release.

Statewide Rule 32



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 - *What is required for an exception and what does it do for an operator?*
- **Additional Information**

Exceptions (1 of 5)



- Application is made using the Online System found at: <https://webapps.rrc.texas.gov/security/login.do>
- Application can also be made on form R-32, which can be downloaded from our website, <https://www.rrc.texas.gov/oil-and-gas/oil-and-gas-forms/>
- Fee of **\$375.00** per gas well, oil lease, or commingled vent/flare point [*see SWR 32(h)(8) for a special situation*].
- Exceptions not made via the Online System may be sent by fax or email, provided a signed original request, accompanied with fee, is received by Commission within **3** business days

Exceptions (2 of 5)



- Current practice for administrative exceptions:
 - **45 to 60-day** term for pipeline capacity issues and system upsets
 - **90-day** term for lack of pipeline
- May be renewed administratively for up to a total of **180 days**.
- Exceptions for more than **180 days** may only be granted through a hearing with a final order signed by the Commission.

Exceptions (3 of 5)



- When an operator files for a hearing to go beyond the **180 days**, it is now required that form R-32 and filing fee be filed with the hearing request letter.
 - Information Required:
 - Hearing Request Letter
 - Service List (names & addresses of offset operators)
 - Form R-32
 - Filing Fee
- May be indefinitely approved administratively with adequate justification if **less than 50 mcf/day**
- Documentation **required** for permanent exception
 - Form R-32
 - cost benefit analysis
 - map showing nearest pipeline capable of accepting gas
 - estimate of gas reserves

Exceptions (4 of 5)



- If additional time is requested, the operator must re-file within **21 days BEFORE** the expiration of existing exception.
- If re-filed within **21 days**, the operator is authorized to continue flaring/venting until final approval or denial of the requested exception extension.
- If the operator files for extension less than **21 days** before expiration or after expiration of the exception, and continues to flare during processing of request and the request is denied, the operator **may be subject to administrative penalties**

Exceptions (5 of 5)



- Each filing (re-file) must be accompanied by form R-32 and \$375 fee.
- Not transferable upon a change of operatorship
- Operator has **90 days** to re-file the exception once the P-4 transfer has been approved

❖ **Update:**

- The RRC is no longer back-dating exceptions. Operators are expected to comply with the filing time requirements set out in SWR32.



- Renewal: provide existing Exception #
- Include the Operator Number
- Provide the RRC Lease ID if assigned; if not, then provide the Drilling Permit No.
- If applicable, provide the Form H-9 Certificate No. and the hydrogen sulfide concentration in ppm.
- Requested flare rate should be in mcf/day.



- If the case goes to hearing, form R-32 and fee are required.
- Include the flare exception number and a copy of the final order, with form R-32.



- “Explanation” portion of form R-32:
 - Generally, flaring is considered to create waste, so if the operator claims it is to prevent waste, they should be prepared to give a detailed explanation.
 - Explanations need to detail why the operations cannot be shut-in and;
 - How all legal uses for casinghead gas have been investigated and exhausted.
 - Insufficient Explanation Examples:
 - Economics
 - Mineral Owner might be damaged



- “Method of Measurement” portion of form R-32:
 - Must provide an actual method of measurement
 - SWR32 does allow for estimation of the volumes; however, the method used to estimate must be given.

Statewide Rule 32 Exception Data Sheet



RAILROAD COMMISSION OF TEXAS
Oil and Gas Division

Form R-32
Effective 11/04/2020

Application for Exception to Statewide Rule 32

SECTION 1: APPLICANT AND GENERAL INFORMATION

1. Operator P-5 Number: _____
2. Operator Name: _____
3. 24-Hour Emergency Contact Number: _____
4. Operator Address: _____
5. Site Name: _____
6. Is the operator aware of the "Recommended Lighting Practices" related to flaring in the February 2019 Notice to Operators (see <https://rrc.texas.gov/media/50349/notice-to-operators-dark-skies-2-11-2019.pdf>)?
 - a. ☐ Yes
 - b. ☐ No

SECTION 2: EXCEPTION TYPE

1. Is this application for a new or a renewal exception (check one)?
 - a. ☐ New. See Instructions.
 - b. ☐ Renewal of SWR 32 Exception Number:
 - i. ☐ Administrative Renewal. See Instructions.
 - ii. ☐ Hearing Request. See Instructions.

SECTION 3: PRODUCING PROPERTY

1. This exception request is associated with the following oil or gas property (choose one):
 - a. ☐ Drilling Permit Number: _____
 - b. ☐ Gas ID Number: _____
 - c. ☐ Oil Lease Number: _____
 - d. ☐ Surface Commingle Permit Number: _____
 - i. Number of commingled properties: _____ (Complete ATTACHMENT 1)
 - e. ☐ Gas Plant Serial Number: _____
 - f. ☐ Multiple properties [in the event of a full or partial shut-down of a gas plant, gas gathering system, etc., as provided for in SWR 32 (h)(8)]
 - i. Number of properties: _____ (Complete ATTACHMENT 1)
2. Number of flares and/or vents associated with this exception: _____
3. Is this oil and/or gas property connected to a gas gathering or transmission system?
 - a. ☐ Yes
 - b. ☐ No. Provide the distance to the nearest pipeline: _____ feet or _____ miles

SECTION 4 – REQUESTED RELEASE AUTHORITY

1. Requested Release Rate. See Instructions.
 - a. _____ MCF/Day. See Instructions.
 - i. ☐ For every day of the calendar month, or
 - ii. ☐ For _____ days per calendar month.
2. Requested Exception Duration
 - a. Effective Date: _____
 - b. Expiration Date: _____
 - i. _____
 - ii. ☐ permanent
3. Method of Gas Measurement
 - a. ☐ Orifice Meter
 - b. ☐ Turbine Meter
 - c. ☐ Mass Flow Meter
 - d. ☐ Other Meter: _____
 - e. ☐ Estimate [See SWR 27(i)]

SECTION 5 – FLARE/VENT INFORMATION (Complete ATTACHMENT 2 for multiple flares and/or vents)

1. Flare or Vent Name: _____
2. Release Type (Check one)
 - a. ☐ Flare
 - b. ☐ Vent. See Instructions.
3. Release Height (above ground surface): _____ feet
4. Release Location:
 - a. District: _____
 - b. County: _____
 - c. Latitude: _____ °N
(decimal degrees preferred)
 - d. Longitude: _____ °W
 - e. Datum:
 - i. ☐ NAD 27
 - ii. ☐ NAD 83
 - iii. ☐ WGS 84

Statewide Rule 32 Exception Data Sheet (1 of 3)



RAILROAD COMMISSION OF TEXAS
Oil and Gas Division

Form R-32
Effective 11/04/2020

Application for Exception to Statewide Rule 32

SECTION 6 – COMPLIANCE WITH SWR 36

1. Is the flare/vent facility identified in Section 5 subject to SWR 36 (hydrogen sulfide area)?
 - a. ☐ Yes
 - i. Form H-9 Number: _____
 - ii. H₂S Concentration: _____ ppm
 - b. ☐ No
2. If the flare/vent facility is subject to SWR 36, what is nearest public area within 1 mile?
 - a. Distance: _____ feet or ☐ none
 - b. Type
 - i. ☐ Dwelling or residential area
 - ii. ☐ Public facility such as school or business location
 - iii. ☐ Public road
 - iv. ☐ Other: _____

SECTION 7 – RULE-DEFINED NECESSITY FOR RELEASE

Pursuant to SWR 32(f)(2), the necessity for the release includes the following (check the appropriate box and provide the additional required information as noted in the instructions):

1. ☐ Extended clean-up beyond 10 days [see SWR 32(f)(2)(A)]
2. ☐ Unloading excess formation fluid buildup [see SWR 32(f)(2)(B)]
3. ☐ Low pressure gas with authorized uses constrained by mechanical, physical, or economic impracticability [see SWR 32(f)(2)(C)]. See *Instructions*.
4. ☐ For casinghead gas only, the unavailability of a gas pipeline or marketing facility [see SWR 32(f)(2)(D)]. See *Instructions*.
Requested form of exception (check one):
 - a. ☐ Administrative approval for 90 days, not to be renewed administratively.
 - b. ☐ Administrative approval for up to a 180-day period, in which flaring/venting is limited to 5 days per month.
 - c. ☐ Administrative approval up to 180 days, if gas volume flared is reduced via application of a flare reduction technology. See *Instructions*.
 - d. ☐ Step-out (drilling in undeveloped areas): a) lack of infrastructure for the quality of gas; or b) 2-1/2 miles radius review for pipeline availability; 90-day renewable administrative extensions available for a maximum of 180 days.
5. ☐ Avoiding curtailment of gas which will result in a reduction of ultimate recovery [see SWR 32(f)(2)(E)]. See *Instructions*.
6. Other (check all that apply). See *Instructions*.
 - a. ☐ Insufficient Gas Gathering Capacity
 - b. ☐ System Upset (Operator)
 - c. ☐ System Upset (Third Party)
 - d. ☐ Scheduled Maintenance
 - e. ☐ Unscheduled Maintenance
 - f. ☐ Other

SECTION 8 – OPERATOR'S CERTIFICATION

I declare under the penalties prescribed in Sec. 91.143, Texas Natural Resources Code, that: I am authorized to make this report; that this report was prepared by me or under my supervision and direction; and that the data and facts stated herein are true, correct and complete, to the best of my knowledge.

1. Signature: _____
2. Date: _____
3. Name of Person (Type or print): _____
4. Title: _____
5. Telephone Number: _____
6. The applicant agrees to receive all Railroad Commission of Texas correspondence concerning the administrative review of this application via EMAIL ONLY:
 - a. ☐ Yes, at the following email address: _____
 - b. ☐ No

Statewide Rule 32 Exception Data Sheet (3 of 3)



RAILROAD COMMISSION OF TEXAS
Oil and Gas Division

Form R-32
Effective 11/04/2020

Application for Exception to Statewide Rule 32

Attachment 2 – Multiple Flares and Vents

No.	Flare or Vent Name	Release Type <input type="checkbox"/> Flare <input type="checkbox"/> Vent	Release Height (ft)	District	County	Latitude & Longitude ____°N ____°W	Datum <input type="checkbox"/> NAD 27 <input type="checkbox"/> NAD 83 <input type="checkbox"/> WGS 84	Flares/Vents Subject to SWR 36 Only		
								H-9 No.	H ₂ S (ppm)	Distance to Nearest Public Area within One Mile and Type <input type="checkbox"/> Dwelling or Residence <input type="checkbox"/> School or Business <input type="checkbox"/> Public Road <input type="checkbox"/> None <input type="checkbox"/> Other: _____
		<input type="checkbox"/> Flare <input type="checkbox"/> Vent				____°N ____°W	<input type="checkbox"/> NAD 27 <input type="checkbox"/> NAD 83 <input type="checkbox"/> WGS 84			____ ft <input type="checkbox"/> Dwelling or Residence <input type="checkbox"/> School or Business <input type="checkbox"/> Public Road <input type="checkbox"/> None <input type="checkbox"/> Other: _____
		<input type="checkbox"/> Flare <input type="checkbox"/> Vent				____°N ____°W	<input type="checkbox"/> NAD 27 <input type="checkbox"/> NAD 83 <input type="checkbox"/> WGS 84			____ ft <input type="checkbox"/> Dwelling or Residence <input type="checkbox"/> School or Business <input type="checkbox"/> Public Road <input type="checkbox"/> None <input type="checkbox"/> Other: _____
		<input type="checkbox"/> Flare <input type="checkbox"/> Vent				____°N ____°W	<input type="checkbox"/> NAD 27 <input type="checkbox"/> NAD 83 <input type="checkbox"/> WGS 84			____ ft <input type="checkbox"/> Dwelling or Residence <input type="checkbox"/> School or Business <input type="checkbox"/> Public Road <input type="checkbox"/> None <input type="checkbox"/> Other: _____
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Statewide Rule 32



- **Exemptions from the rule**
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- An automated system check is run for exceptions if flaring is indicated on Production Reports
- If flaring production is not permitted, operator will automatically be sent a Notice of Violation (**30 days**), a Notice of Intent to Sever by certified mail (**30 days**), and then a severance letter, if compliance is not achieved.
- An exception extension may be denied if no progress is made to eliminate necessity for flaring.

January 2014 Notice to Industry



- ...unauthorized venting or flaring of gas may constitute waste. SWR 32 prohibits venting or flaring of gas under certain conditions unless authorized by the Commission. ... Any venting/flaring of casinghead gas or gas well gas not authorized by SWR 32 or by exception may be subject to administrative penalty action.
- An operator whose application to vent or flare gas is denied in whole or in part has the right to request a hearing before the Commission.

Frequently Asked Questions

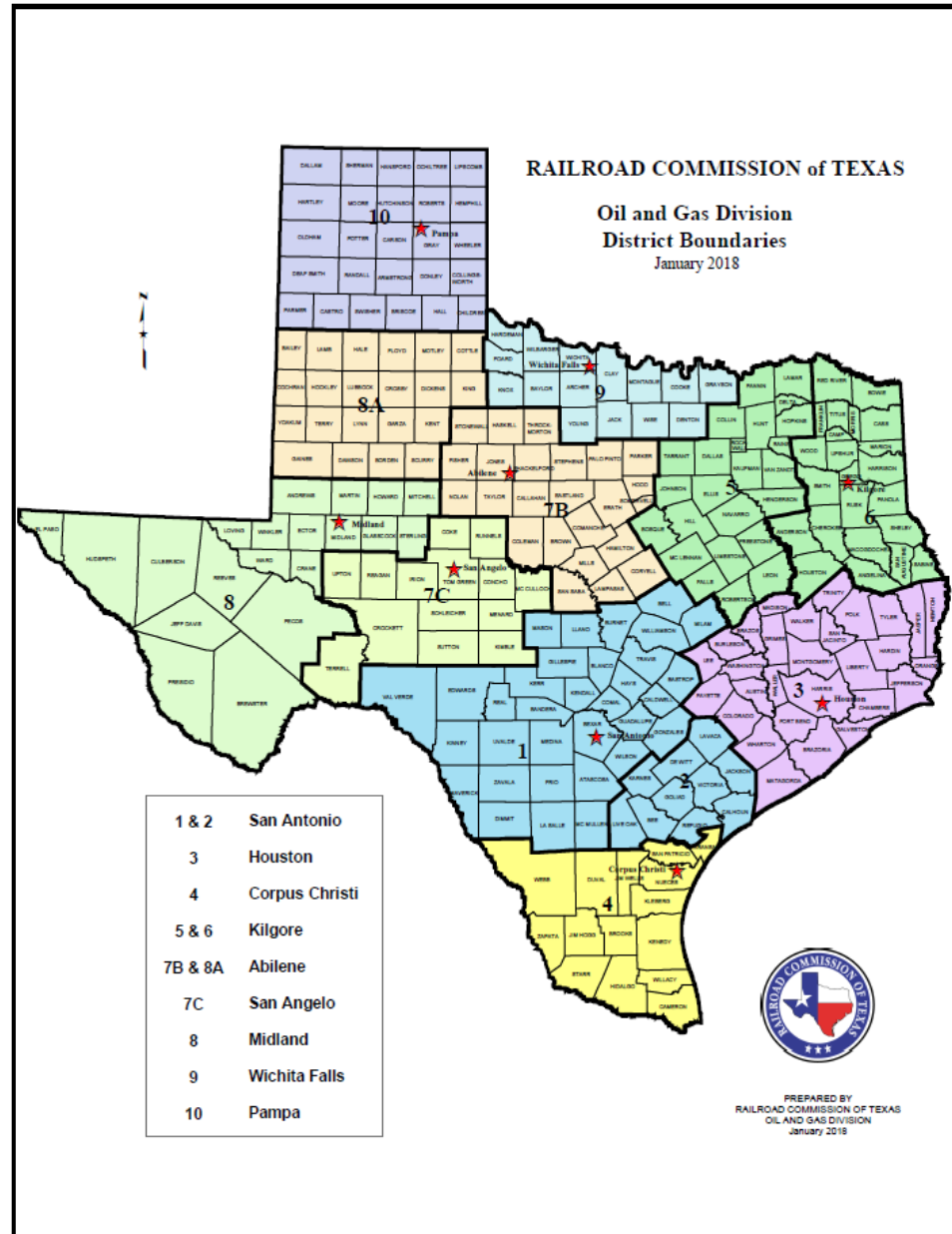


- Website – <http://www.rrc.texas.gov>
- Search “Flaring Frequently Asked Questions”
 - Why does RRC grant flaring exceptions?
 - Does RRC allow long-term flaring?
 - Does RRC track how much has been flared?
 - How many venting and flaring exceptions have been issued in Texas?
 - What percentage of total gas is reported flared?
 - How does RRC regulate flaring?

Oil and Gas District Offices



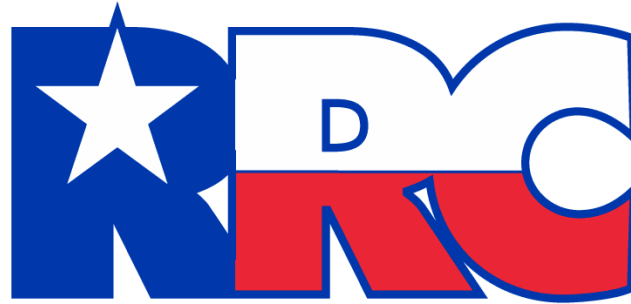
- San Antonio
- Houston
- Corpus Christi
- Kilgore
- Abilene
- San Angelo
- Midland
- Wichita Falls
- Pampa



District Offices



<u>District</u>	<u>City</u>	<u>Address</u>	<u>Phone</u>
1 & 2	San Antonio	112 East Pecan St, Suite 705 San Antonio, TX 78205	(210) 227-1313
3	Houston	1919 N. Loop West, Suite 620 Houston, TX 77008	(713) 869-5001
4	Corpus Christi	10320 IH 37 Corpus Christi, TX 78410	(361) 242-3113
5 & 6	Kilgore	2005 North State Highway 42 Kilgore, TX 75662	(903) 984-3026
7B	Abilene	3444 North First St, Suite 600 Abilene, TX 79603	(325) 677-3545
7C	San Angelo	622 South Oakes St, Suite J San Angelo, TX 76903	(325) 657-7450
8 & 8A	Midland	10 Desta Dr, Suite 500 E Midland, TX 79705	(432) 684-5581
9	Wichita Falls	5800 Kell Blvd, Suite 300 Wichita Falls, TX 76310	(940) 723-2153
10	Pampa	200 West Foster, Room 300 Pampa, TX 79065	(806) 665-1653



Statewide Rule 32 Exception Contacts:

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Engineer I

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Engineering Unit Manager
Email: Tim.Speer@rrc.texas.gov
Phone: 512-463-6452



Evaluation

- Please complete the evaluation available on the RRC website at <https://survey.alchemer.com/s3/6403402/2021-RRC-Regulatory-Webinars-Oil-Gas-and-Pipeline-Safety-Evaluation>

Archive Video

- A link to the archive video of the webcast will be available on the same webpage as the presentation.