



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL AND GAS DOCKET NO. 7C-0288791

THE APPLICATION OF EP ENERGY E&P COMPANY, LP FOR AN EXCEPTION TO STATEWIDE RULE 32 FOR THE UNIVERSITY EAST 43-24 CENTRAL PRODUCTION FACILITY; UNIVERSITY EAST LEASE; LIN (WOLFCAMP) FIELD; CROCKETT COUNTY, TEXAS

HEARD BY: Brian Fancher, P.G. - Technical Examiner
Laura Miles-Valdez - Hearings Examiner

DATE OF HEARING: June 20, 2014

APPEARANCES:
APPLICANT:

Mark Hanna
Charles J. "Chuck" Maier, P.E.

REPRESENTING:

EP Energy E&P Company, LP

EXAMINERS' REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

EP Energy E&P Company, LP ("EP") requests an exception to 16 Texas Administrative Code §3.32 to flare casing-head gas from its University East 43-24 Central Production Facility ("43-24 CFP") at a rate of 2,000,000 cubic feet of gas per day ("2000 MCFGD") for the time ranging from April 28, 2014 through April 28, 2016.

The application is unopposed and the examiners recommend approval, as requested by EP.

DISCUSSION OF THE EVIDENCE

Title 16, §3.32 of the Texas Administrative Code ("TAC") governs the utilization for legal purposes of natural gas produced under the jurisdiction of the Railroad Commission. EP requests to flare casing-head gas encountered at its 43-24 CFP, as provided by 16 TAC §3.32(h).

16 TAC §3.32(h) provides that an exception to flare casing-head gas in volumes greater than fifty MCFGD may be granted administratively for a period up to 180 days. Furthermore, flaring exceptions beyond the 180 days shall be granted only in a final order signed by the Commission.

Statewide Rule 32 contains no notice of application requirements. However, notice of the captioned docket was provided to the list of operators provided by EP.

The Oil and Gas Division administratively approved EP's application to flare casing-head gas from the 43-24 CFP in the following sequence (Permit No. 14116):

	<u>Effective Date</u>	<u>Expiration Date</u>	<u>Time Period</u>	<u>Volume</u>
1.	8/19/13	10/3/13	45 days	1000 MCFG
2.	10/4/13	11/18/13	45 days	1800 MCFG
3.	11/19/13	1/3/14	45 days	1800 MCFG

By letter dated April 28, 2014, EP requested a hearing to consider the subject application. EP asserts that flaring from the 43-24 CFP is necessary because of third-party take-away issues, which continuously impact EP's operations at the 43-24 CFP. As a result of the oil volumes handles at the 43-24 CFP, EP believes that flaring of casing-head gas is the most appropriate option at this time. Otherwise, the production wells which send liquid hydrocarbons to the 43-24 CFP will be shut-in. The 43-24 CFP is located in Block 43, Section 24, and handles production from six active wells.

EP submitted a tabulation of daily production totals measured at the 43-24 CFP from existing production values and projects estimated production volumes through November 2035. Based on the projected tabulation, EP asserts that the production at the 43-24 CFP will decline hyperbolically with the average daily casing-head gas rate descending from roughly 2,000 MCFGD to 161 MCFGD.

FINDINGS OF FACT

1. EP Energy E&P Company, LP ("EP") seeks an exception beyond 180 days to flare casing-head gas in volumes exceeding fifty thousand cubic feet per day ("MCFGPD") from the University East 43-24 Central Production Facility ("43-24 CFP") in the Lin (Wolfcamp) Field, Crockett County, Texas ("the subject application").
2. EP obtained administrative authority from the Oil and Gas Division to flare up to 1000 MCFGPD of casing-head gas derived from the subject field at the 43-24 CFP from August 19, 2013 through October 3, 2013.
3. EP obtained administrative authority from the Oil and Gas Division to flare up to 1800 MCFGPD of casing-head gas derived from the subject field at the 43-24 CFP from October 4, 2013 through January 3, 2014.
4. EP's 180-day administrative authority to flare casing-head gas from Gilbreath Battery expired on January 4, 2014.

5. EP requested a hearing to consider an exception pursuant to Statewide Rule 32(h) [16 Tex. Admin. Code §3.32(h) on April 28, 2014.
6. EP claims its necessity for approval of the subject application is due to third-party take-away issues that impact its operations.
7. EP requests to flare casing-head gas derived from the subject field at the 43-24 CFP in volumes up to 2000 MCFGPD from April 28, 2014 through April 28, 2016.

CONCLUSIONS OF LAW

1. Proper notice was issued as required by all applicable statutes and regulatory codes.
2. All things have occurred and been accomplished to give the Commission jurisdiction in this matter.
3. The requested authority to flare up to 2,000,000 cubic feet per day of casing-head gas derived from the Lin (Wolfcamp) Field at EP Energy E&P Company, LP's University East 43-24 Central Production Facility satisfies the requirements of Title 16, Texas Administrative Code §3.32.

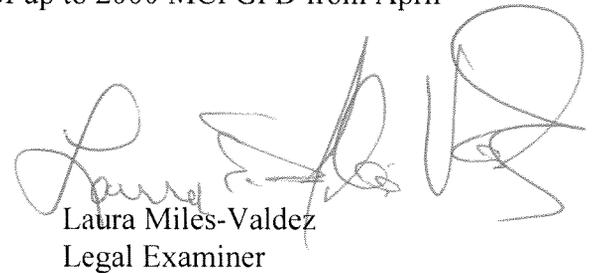
EXAMINERS' RECOMMENDATION

Based on the above findings of fact and conclusions of law, the examiners recommend that the Commission grant an exception to EP Energy E&P Company, LP's to flare casing-head gas from its University East 43-24 Central Production Facility at a rate of up to 2000 MCFGPD from April 28, 2014 through April 28, 2016.

Respectfully submitted,



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Technical Examiner



Laura Miles-Valdez
Legal Examiner