



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL AND GAS DOCKET NO. 01-0292891

THE APPLICATION OF ABRAXAS PETROLEUM CORPORATION FOR AN EXCEPTION TO STATEWIDE RULE 32, FOR THE SNAKE EYES UNIT, ATASCOSA COUNTY, TEXAS

HEARD BY: Paul Dubois – Technical Examiner
Terry Johnson – Hearings Examiner

HEARING DATE: December 17, 2014

CONFERENCE DATE: March 24, 2015

APPEARANCES:

REPRESENTING:

APPLICANT:

Greg Cloud
James Tyne Tiller

Abraxas Petroleum Corporation

EXAMINERS' REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Abraxas Petroleum Corporation (Abraxas)) seeks an exception to Statewide Rule 32 (16 Tex. Admin. Code §3.32) for the authority to flare gas from its Snake Eyes Unit (Lease No. 17582) in the Eagleville (Eagle Ford-1) Field, Atascosa County, Texas. Abraxas is in the process of installing an amine treating unit to reduce the hydrogen sulfide content of the gas. Abraxas seeks authority to flare gas 70 thousand cubic feet (MCF) gas per day from the unit from October 1, 2014 through March 1, 2015. The Examiners recommend the exception be granted as requested by Abraxas.

DISCUSSION OF THE EVIDENCE

Abraxas completed its Snake Eyes Unit Well No. 1H (API No. 42-013-34917) on March 28, 2014. The well was tested on April 12, 2014 and produced 628 barrels of oil

and 350 MCF gas. The well produces sour gas with hydrogen sulfide concentrations of 2,800 parts per million. Due to issues with the pipeline, sales have routinely been unavailable, resulting in the necessity to flare the casinghead gas in order to continue oil production.

Abraxas obtained administrative authority to flare gas from the unit due to issues with the pipeline causing the well to be shut in. Administrative flare permit no. 18629 authorized Abraxas to flare 100 MCF gas per day from April 1, 2014, through September 30, 2014. On September 29, 2014, Abraxas requested a hearing to extend the flaring authority with a Commission final order.

Abraxas is in the process of installing an amine treating unit to reduce the hydrogen sulfide content of the gas so it can be sold without interruption. Abraxas anticipated the amine treating facilities to be installed soon after the hearing, and requested continued authority to flare gas until March 1, 2015 at a daily rate of 70 MCF.

FINDINGS OF FACT

1. Proper notice of this hearing was given to all parties entitled to notice at least 10 days prior to the hearing. There were no protests to the application.
2. On initial potential testing the reduced 628 barrels of oil and 350 MCF gas.
3. The well produces sour gas with hydrogen sulfide concentrations of 2,800 parts per million.
4. Pipeline issues have interrupted gas sales, resulting in the necessity to flare the casinghead gas in order to continue oil production.
5. Administrative flare permit no. 18629 authorized Abraxas to flare 100 MCF gas per day from April 1, 2014, through September 30, 2014.
6. On September 29, 2014, Abraxas requested a hearing to extend the flaring authority with a Commission final order.
7. Abraxas is in the process of installing an amine treating unit to reduce the hydrogen sulfide content of the gas so it can be sold without interruption; the amine treating facilities will be installed soon after the hearing
8. Without authorization to continue to flare gas until the amine treating unit is installed, the well will be shut in, which will place the remaining oil reserves at risk of being wasted.

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. The requested exception to flare 70 MCF/D casinghead gas for the subject well from October 1, 2014, through March 1, 2015, meets the requirements of Statewide Rule 32. 16 Tex. Admin. Code § 3.32(h)

EXAMINERS' RECOMMENDATION

Based on the above findings of fact and conclusions of law, the Examiners recommend that the Commission grant an exception to Statewide Rule 32 for the subject well, as requested by Abraxas.

Respectfully submitted,



Paul Dubois
Technical Examiner



Terry Johnson
Hearings Examiner