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RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL AND GAS DOCKET NO. 08-0295006

THE APPLICATION OF COG OPERATING LLC FOR AN EXCEPTION TO STATEWIDE RULE 32 FOR MONARCH STATE LEASE, WELL NO. 3803H, HOEFS T-K (WOLFCAMP) FIELD, PECOS COUNTY, TEXAS

HEARD BY: Richard Eyster, P.G. – Technical Examiner
Terry Johnson – Hearings Examiner

HEARING DATE: February 17, 2015

CONFERENCE DATE: April 08, 2015

APPEARANCES:	**REPRESENTING:**
APPLICANT:	
Ana Maria Marsland-Griffith Terrell (Terry) Pafford Tami Parker	COG Operating LLC

EXAMINERS' REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

COG Operating LLC, (COG), requests a one-year exceptions to Statewide Rule 32 to flare gas from Monarch Well No. 3803 H, Hoefs T-K (Wolfcamp) Field in Pecos County, Texas.

All offset operators in the field were notified of the hearing. There were no objections filed, and no protestants appeared at the hearing. The examiners recommend approval of the exception to Statewide Rule 32 to flare gas for one year as requested by COG.

DISCUSSION OF THE EVIDENCE

Statewide Rule 32 governs the utilization of gas well gas and casinghead gas produced by oil and gas wells under the jurisdiction of the Railroad Commission. In this application, COG is requesting authority to flare gas produced from a single well, Monarch State 3803 H (Monarch well) at a rate of 700 MCFG/D for one year.

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. An operator is considered temporarily compliant with Statewide Rule 32 until final Commission action on the hearing application if it has requested a hearing prior to the expiration of the administratively granted flare permit.

COG has previously received a Commission approved flare permit for the Monarch well (Permit No. 16862) effective 04/01/2014 through 09/30/2014. COG requested an exception to flare hearing on January 14, 2015 to continue their flaring authority for the Monarch well for one year as needed when the sales line is not available due to capacity constraints. COG is requesting authority to flare 700 MCFG/D from 10/01/2014 to 10/01/2015.

The existing gas gathering infrastructure in the Wolfcamp Field was developed to gather gas from vertical wells. The current development activity is focused on horizontal wells and the existing infrastructure is not adequate to handle current production levels. When the current gathering system capacity cannot handle the whole volume of produced gas, for safety reasons the gas is flared at the well. COG is working with PennTex and another pipeline operator Regency, to add capacity for periods when the system may not be available to resolve the capacity issues. When the currently on-going improvements are complete, COG anticipates its gas will be sold, eliminating the need to flare. COG estimates that it needs one year of flaring authority until the system upgrades are completed.

COG's expert engineering witness, testified in the hearing that shutting in the well until the infrastructure is in place would harm the well. According to COG, leaving the fluids in the formation will change the wettability of the formation, reducing the relative permeability to oil, and thus reducing the ability to produce the oil from the wellbore.

For this facility, COG only flares when necessary based on pressure in the sales line. COG believes that, once complete, the infrastructure improvements will eliminate the need to flare going forward.

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. An operator is considered temporarily compliant with Statewide Rule 32 until final Commission action on the hearing application if it has requested a hearing prior to the expiration of the administratively granted flare permit.

3. COG has previously received a Commission approved flare permit for the Monarch well. (Permit No. 16862) effective 04/01/2014 through 09/30/2014.

4. COG requested an exception to flare hearing on January 14, 2015 for flaring authority from 10/01/2014 to 10/01/2015 as needed when the sales line is not available due to capacity constraints.

5. COG is requesting authority to flare 700 MCFG/D for a period of one year from 10/01/2014 to 10/01/2015.

6. The existing gas gathering infrastructure in the Wolfcamp Field was developed to gather gas from vertical wells and currently does not have the capacity to accept all of the gas produced in the field from newer horizontal wells.

7. COG is working with PennTex and another pipeline operator Regency to resolve the capacity issues. Completion of the on-going improvements will eliminate the continued need to flare casinghead gas.

8. An exception to Statewide Rule 32 is appropriate for the Monarch Well No. 3803H.

9. Shutting in the well until the infrastructure is in place may harm the reservoir and result in waste of oil.

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 Statewide Rule 32 to flare gas from Monarch Well No. 3803H in the Hoefs T-K (Wolfcamp) Field, Pecos County, Texas for a period of one year 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 Monarch Well No. 3803H as requested by COG.

Respectfully submitted,

Richard Eyster, P.G.
Technical Examiner

Terry Johnson
Hearings Examiner