



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL AND GAS DOCKET NO. 7C-0296092

THE APPLICATION OF EP ENERGY E&P COMPANY FOR EXCEPTIONS TO STATEWIDE RULE 32, FOR THE 13 CENTRAL PRODUCTION FACILITIES, IN THE PHANTOM (WOLFCAMP) FIELD, REAGAN AND CROCKETT COUNTIES, TEXAS

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

HEARING DATE: August 7, 2015

CONFERENCE DATE: August 25, 2015

APPEARANCES:

Mark Hanna
Matt Immel

REPRESENTING:

EP Energy E&P Company

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

EP Energy E&P Company (EP) seeks exceptions to Statewide Rule 32 (16 Tex. Admin. Code §3.32) to flare or vent gas from 13 central production facilities (CPFs) in the Phantom (Wolfcamp) Field, Reagan and Crockett Counties, Texas. EP seeks two-year authority to flare from 500 thousand cubic feet (MCF) of gas per day to 3,000 MCF of gas per day from the 13 CPFs included in this application. In each case, the potential need is the non-routine, flaring of gas; it is a failsafe measure to ensure legal disposition of all gas produced from its leases. The Examiners recommend the exceptions be granted.

DISCUSSION OF EVIDENCE

EP recently acquired the subject facilities and wells from BHP Billiton. From the subject wells, EP sells low pressure wet gas. EP does not compress the gas, and therefore does not experience compressor downtimes. However, the gas is compressed by the purchaser. When the purchaser experiences compressor failure or other capacity

issues, EP consequently experiences the need to flare gas or shut in the affected wells. Therefore, EP requests authority to flare gas from the subject 13 facilities as a failsafe contingency for times at which the purchaser is not able to accept the gas.

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. All of the subject facilities have received administrative flare permits for the maximum allowed 180 days. By this application, EP seeks a Commission final order granting flare authority for an additional two years. A list of the facilities, administrative permits, and requested flaring volumes is presented on the table below:

CPF	Administrative Permit No.	Administrative Permit Expiration Date	Requested Volume
University Central 11-15	19423 - Flare	April 14, 2015	500
University Central 08-12	19432 - Vent	April 14, 2015	500
University Stonegate 39-13	19433 - Flare	April 14, 2015	500
University East 44-11	19430 - Flare	April 14, 2015	3,000
University East 43-23	19431 - Flare	April 14, 2015	500
University East 41-07	19429 - Flare	April 14, 2015	2,000
University East 47-16	21426 - Flare	April 14, 2015	2,000
University 45-06	19736 - Flare	April 21, 2015	500
University 47-17 East Mini	19732 - Flare	April 21, 2015	500
University 47-17 West Mini	19733 - Flare	April 21, 2015	500
University 46-13	19739 - Flare	April 21, 2015	500
University 46-17	19731 - Flare	April 21, 2015	500
University 42-25	19738 - Flare	April 21, 2015	500

EP anticipates further field development in the area. The requested flare volumes are based on the current and projected future gas production rates at each facility. At some facilities, EP has multiple sales point options. In addition, one of the facilities is vented, not flared.

FINDINGS OF FACT

1. Notice of this hearing was given to all parties entitled to notice at least ten days prior to the date of hearing.
2. EP is developing oil and gas resources in the Phantom (Wolfcamp) Field in Reagan and Crockett Counties, Texas.
3. EP has acquired wells and production facilities from BHP Billiton.
4. Gas produced from the wells is currently sold.
5. EP has obtained administrative permits to flare or vent gas for the maximum 180 days for the following 13 facilities:
 - a. University Central 11-15 CPF, permit no. 19423
 - b. University Central 08-12 CPF, permit no. 19432
 - c. University Stonegate 39-13 CPF, permit no. 19433
 - d. University East 44-11 CPF, permit no. 19430
 - e. University East 43-23 CPF, permit no. 19431
 - f. University East 41-07 CPF, 19429
 - g. University East 47-16 CPF, permit no. 21426
 - h. University 45-06 CPF, permit no. 19736
 - i. University 47-17 East Mini CPF, permit no. 19732
 - j. University 47-17 West Mini CPF, permit no. 19733
 - k. University 46-13 CPF, permit no. 19739
 - l. University 46-17 CPF, permit no. 19731
 - m. University 42-25 CPF, permit no. 19738
6. Authority to flare or vent gas is necessary on occasion due to compressor failure or other capacity limitations at the sales point.
7. EP applied for hearings to extend the flaring authority more than 21 days before the administrative permits expired.

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 exceptions to flare or vent casinghead gas from the subject wells meet the requirements of Statewide Rule 32. 16 Tex. Admin. Code § 3.32(h)

RECOMMENDATION

Based on the above findings of fact and conclusions of law, the Examiners recommend exceptions to Statewide Rule 32 for the subject facilities be granted as requested by EP.

Respectfully submitted,



Paul Dubois
Technical Examiner



Terry Johnson
Hearings Examiner