



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL AND GAS DOCKET NO. 08-0300511

THE APPLICATION OF CONOCOPHILLIPS COMPANY FOR AN EXCEPTION TO STATEWIDE RULE 32 FOR THE SETTLES CENTRAL, SETTLES NORTH, AND SETTLES WEST BATTERIES, HOWARD GLASSCOCK (CONSOLIDATED) FIELD, HOWARD COUNTY, TEXAS

HEARD BY: Brian Fancher, P.G. – Technical Examiner
Ryan Lammert – Administrative Law Judge

HEARING DATE: July 13, 2016
SUBMISSION DATE: August 30, 2016
CONFERENCE DATE: September 12, 2016

APPEARANCES: **REPRESENTING:**

APPLICANT:

Jamie Nielson
Earl Anderson
Colleen Reda

ConocoPhillips Company

EXAMINERS' REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Pursuant to 16 Tex. Admin. Code §3.32, ConocoPhillips Company (Conoco) seeks an exception to flare casinghead gas produced from the Howard Glasscock (Consolidated) Field (Field) that is handled at its Settles Central (Central Battery), Settles North (North Battery), and Settles West (West Battery) tank batteries (collectively, Subject Batteries) (Subject Application). The application is unopposed. The Examiners recommend that it be approved.

DISCUSSION OF THE EVIDENCE

Applicable Rule

16 Tex. Admin. Code §3.32 (SWR 32) governs flaring of natural gas produced under the jurisdiction of the Railroad Commission. Titled "Exceptions," SWR 32(h) states:

Requests for exceptions for more than 180-days and for volumes greater than 50 mcf of hydrocarbon gas per day shall be granted only in a final order signed by the commission.

Application Background

Earl Anderson, Facilities Engineer at Conoco, testified as an expert witness in petroleum engineering and facilities design and operation.¹

Notice of hearing for the subject application was sent by U.S. mail directed to all operators in the Field, as well as the Oil & Gas Division, on May 23, 2016.²

The oil production from wells in the area is associated with casing-head gas that contains high volumes of hydrogen-sulfide (H₂S). The Central, North, and West Batteries handle casing-head gas that contains up to the following H₂S concentrations: (1) 134,341 parts per million (ppm); 100,000 ppm; and 78,137 ppm.³ After it is produced to the surface, Conoco removes H₂S from the casing-head gas in order to sell conditioned “sweet” gas to market, and it injects the “sour” gas into the subsurface through the Doris Cole Lease, Well No. 14D (Doris Cole). Periodically, the Doris Cole needs maintenance. That maintenance, in part, requires that the casing-head gas be flared so that production wells may continue to produce oil without interruption. Conoco submitted a copy of a previous case where the Commission granted it similar authority in the Field, which expires on October 14, 2017.⁴

Conoco submitted an aerial photograph transposed by land section lines to identify the geographic relationship between the Subject Batteries and the Doris Cole.⁵ The Subject Batteries reside in Sections 159, 134, and 160, respectively. The Doris Cole is located in Section 96. Those general areas are separated by approximately seven miles. They are connected by a low-gas gathering pipeline operated by AGI.

Conoco received administrative authority to flare casinghead gas for 180 consecutive days, effective October 29, 2015, at the following rates:

1. Central Battery (Flare Permit No. 24503) – 170 MCFG per day;
2. North Battery (Flare Permit No. 24502) – 270 MCFG per day;
3. West Battery (Flare Permit No. 24501) – 122 MCFG per day.

Mr. Anderson testified that the Doris Cole was not in operation at the time of the hearing, due to ongoing workover operations to replace that well’s tubing string.⁶ On April 5, 2016, Conoco simultaneously submitted a hearing request for the Subject Application, and Statewide

¹ Audio recording at 4:30.

² Conoco Exh. No. 5.

³ Conoco Exh. No. 3.

⁴ Conoco Exh. No. 4. Copy of O&G Docket and Final Order No. 08-0298324 – Application of ConocoPhillips Company, LP for Exception to Statewide Rule 32 for Various Tank Batteries on the Chalk E, Chalk G, Chalk Mary, Chalk North, Chalk South, Douthit, Kelly Roberts, Reed, and Chalk Sec. 95 Leases, Howard Glasscock (Consolidated) and Howard Glasscock (Wolfcamp 7400) Fields, Howard County, Texas.

⁵ Conoco Exh. No. 1.

⁶ Testimony at 5:00 of audio recording.

Rule 32 Exception Data Sheets for the Subject Batteries.⁷ Based on those data sheets, Conoco's relief in the immediate case is as follows:

1. Central Battery (Commingle I.D. No. 5316) – 170 MCFG per day for 532 days;
2. North Battery (Commingle I.D. No. 6829) – 270 MCFG per day for 532 days;
3. West Battery (Commingle I.D. No. 2766) – 122 MCFG per day for 532 days.

In other words, Conoco seeks authority to flare casinghead gas at the Subject Batteries, as previously mentioned, effective April 30, 2016 to October 14, 2017.⁸

Additionally, Conoco requests authority to flare the above mentioned volumes, respectively, from a single flare point at the Doris Cole to preempt any maintenance issue that occurs at some location between the Subject Batteries and that well.

FINDINGS OF FACT

1. ConocoPhillips Company (Conoco) seeks an exception to flare 170 MCF of casinghead gas per day (MCFGD), 270 MCFGD, and 122 MCFGD from its Settles Central Battery (Central Battery), Settles North Battery (North Battery), and Settles West Battery (West Battery) (collectively, Subject Batteries), respectively, located in the Howard Glasscock (Consolidated) Field (Field), Howard County, effective April 30, 2016 to October 14, 2017 (Subject Application).
2. Notice of hearing for the Subject Application was sent by U.S. mail directed to all operators of record in the Field, as well as the Oil & Gas Division, on May 23, 2016.
3. Conoco was the only party that attended the hearing held for the Subject Application.
4. Conoco received administrative authority to flare casinghead gas for 180 consecutive days, effective October 29, 2015, at the following rates:
 - a. Central Battery (Flare Permit No. 24503) – 170 MCFG per day;
 - b. North Battery (Flare Permit No. 24502) – 270 MCFG per day;
 - c. West Battery (Flare Permit No. 24501) – 122 MCFG per day.
5. The oil production from wells in the area is associated with casing-head gas that contains high volumes of hydrogen-sulfide (H₂S).
6. The Central, North, and West Batteries handle casing-head gas that contains up to the following H₂S concentrations: (1) 134,341 parts per million (ppm); 100,000 ppm; and 78,137 ppm.
7. After casing-head gas by production wells in the area rises to the surface, Conoco removes the H₂S from the casing-head gas to order to sell the “sweet” gas to market, and

⁷ Conoco Exh. No. 2.

⁸ Audio recording at 6:45.

it injects the "sour" gas into the subsurface through the Doris Cole Lease, Well No. 14D (Doris Cole).

8. Periodically, the Doris Cole needs maintenance, which necessitates the casing-head gas be flared so that production wells may continue to produce oil.
9. Conoco's necessity for flaring authority in the Subject Application is to prevent shut-in of the production wells associated with the Subject Batteries.
10. Approval of the subject application is in accordance with 16 Tex. Admin. Code §3.32(h).

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. Legally sufficient notice has been provided to all affected persons.
3. The requested authority to flare casing-head gas as specified in Finding of Fact No. 1 above, effective April 30, 2016 to October 14, 2017, satisfies the requirements of Title 16 TAC §3.32.

EXAMINERS' RECOMMENDATION

The Examiners recommend that the Commission grant ConocoPhillips Company, LP an exception to flare casing-head gas as specified in Finding of Fact No. 1 above from the Field, effective April 30, 2016 to October 14, 2017.

Respectfully submitted,



Brian Fancher, P.G.
Technical Examiner



Ryan Lammert
Administrative Law Judge