



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL AND GAS DOCKET NO. 01-0292301

THE APPLICATION OF COMSTOCK OIL & GAS, LP FOR AN EXCEPTION TO STATEWIDE RULE 32 FOR THE Y-BAR TANK BATTERY EAGLEVILLE (EAGLE FORD-1) FIELD LA SALLE COUNTY, TEXAS

HEARD BY: Karl Caldwell – Technical Examiner
Terry Johnson – Legal Examiner

DATE OF HEARING: October 22, 2014
DATE OF CONFERENCE: January 27, 2015

APPEARANCES:

REPRESENTING:

APPLICANT:

Richard Atkins, P.E.

Comstock Oil & Gas, LP

EXAMINERS' REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Comstock Oil & Gas, LP ("Comstock") requests a two year exception to Statewide Rule 32 to flare casinghead gas from the Y-Bar Tank Battery in the Eagleville (Eagle Ford-1) Field, La Salle County, Texas. Comstock would not consider an exception for a period less than two years to be adverse. Notice was provided to offset operators surrounding the subject tank battery and no protests were received. The application is unopposed and the examiners recommend approval of an exception to Statewide 32 to flare casinghead gas for the time period commencing September 23, 2014 through April 1, 2016.

DISCUSSION OF THE EVIDENCE

Statewide Rule 32 governs the utilization for legal purposes of natural gas produced under the jurisdiction of the Railroad Commission. Specifically, Statewide Rule 32(h) provides that an exception to flare natural gas in volumes greater than 50 MCFPD per well may be granted administratively for a period up to 180 days. Beyond that, Statewide Rule 32(h) provides that exceptions shall be granted only in a final order signed by the Commission. In the context of the subject application, Comstock is requesting an exception to flare casinghead gas produced from the Y-Bar Tank Battery as provided by Statewide Rule 32(h).

Comstock received Permit No. 16660, for the Y-Bar Tank Battery (Commingling Permit No. 01-5739) effective March 24, 2014 expiring September 22, 2014 for a total of 180 days, the maximum length of time an exception to Statewide Rule 32 may be granted administratively. Comstock requested a hearing be held to consider its request for an exception to Statewide Rule 32 as Comstock requires additional time to connect the Y-Bar Tank Battery to a gas pipeline.

The West Y-Bar Lease, the Y-Bar 'A' Lease, and the Y-Bar Lease are all connected to the Y Bar Tank Battery. Currently there are a total of 3 producing wells on the leases but there will be a total of 13 producing wells in the near future, the majority of which have already been drilled, but not completed. Comstock anticipates all 13 wells to be completed within the next 12 months. There are two EOG Resources gas gathering lines in the vicinity of the Y-Bar tank battery. However, these are private lines that are only available to EOG Resources. Comstock is currently in the process of laying two miles of pipeline, the Comstock Interconnect Pipeline, to connect the Y Bar tank battery to the Cheyenne Energy Services, LLC gas gathering line, which ties into the Regency Gas Services Line. The Cheyenne Energy Services, LLC gas gathering line already exists, however Cheyenne Energy Services, LLC must negotiate with Regency to allow third party gas to enter the Regency system. Comstock anticipates the two mile length of the Comstock Interconnect Pipeline to be completed within the next six months. However, if Comstock is unable to connect to the Cheyenne gas gathering line, there is an alternative option to run an additional 2.5 miles of pipeline to the east to connect to the Comstock's Cortez Tank Battery. The Cortez Tank Battery is connected to a Regency pipeline.

Comstock is requesting a two-year exception to Statewide Rule 32 Y Bar Tank Battery to flare a maximum of 4,000 MCF per day of casinghead gas since there may be delays in constructing the pipeline to connect to the Regency system. Additional flaring authority may be required after connection to the Regency system as Regency has experienced shut-downs and capacity issues in the past. The operator does not consider an exception to Statewide Rule 32 for a period of less than two years to be adverse.

FINDINGS OF FACT

1. Proper notice of this hearing was given to offset operators at least ten days prior to the date of hearing. There were no protests to the application.
2. The Y-Bar Tank Battery is located in the Eagleville (Eagle Ford-1) Field, La Salle County, Texas.
3. Comstock received Permit No. 16660, for the Y-Bar Tank Battery (Commingling Permit No. 01-5739) effective March 24, 2014 expiring September 22, 2014 for a total of 180 days, the maximum length of time an exception to Statewide Rule 32 may be granted administratively.
4. Comstock is requesting a two-year exception to Statewide Rule 32 Y Bar Tank Battery to flare a maximum of 4,000 MCF per day of casinghead gas since there may be delays in constructing the pipeline to connect to the Regency system.
5. Comstock does not consider an exception to Statewide Rule 32 for a period of less than two years to be adverse.
6. Comstock is requesting an exception to Statewide Rule 32 for the Y-Bar Tank Battery pursuant to 16 TAC §§3.32(h).

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 casinghead gas satisfies the requirements of Title 16, Texas Administrative Code 3.32(h).

EXAMINERS' RECOMMENDATION

Based on the above findings of fact and conclusions of law, the examiners recommend that the Commission grant the request by Comstock Oil & Gas, LP for an exception to Statewide Rule 32 for the Y-Bar Tank Battery. The exception is granted for a maximum volume of 4,000 MCF per day of casinghead gas from September 23, 2014, through April 1, 2016.

Respectfully submitted,



Karl Caldwell
Technical Examiner



Terry Johnson
Legal Examiner