Statewide Rule 32: Flaring/Venting of Produced Gas

Presenter: Travis Baer
Gas Well Gas and Casinghead Gas Shall Be Utilized for Legal Purposes
Our mission is to serve Texas by our stewardship of natural resources and the environment, our concern for personal and community safety, and our support of enhanced development and economic vitality for the benefit of Texans.
Session Description

• Exemptions from the rule
  • When does SWR 32 not apply? No metering required!

• Authorized Flaring and Venting (PBR)
  • Flaring without a permit under special conditions. Meter all gas and report on Production Report.

• Flaring Exceptions (permits)
  • What is required for an exception and what does it do for an operator?

• Other Information and statistics
Statewide Rule 32

Introduction

Gas must be used for lease operations or sold if it can be readily measured by devices (meters) routinely used in the operations of oil wells, gas wells, gas gathering systems or gas plants.
Statewide Rule 32

Exemptions

• Tank vapors from:
  • crude oil storage tanks
  • gas well condensate storage tanks
  • salt water storage tanks

• Fugitive emissions of gas

• Amine treater, glycol dehydrator flash tank, and/or reboiler emissions

• Blowdown gas from gas handling equipment for construction, maintenance or repair
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Exemptions

• Gas purged from compressor cylinders or other gas handling equipment for startup

• Gas released:
  • at a well site during drilling operations prior to the completion date of the well must be separated from drilling fluids using a mud-gas separator, or mud-degasser
  • During completion or re-completion (hydraulic fracturing)
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Gas releases to be flared or vented

• The Commission may require flaring of releases of gas not readily measured if the Commission determines that flaring is required for safety reasons (e.g. high concentrations of H2S).

• All gas releases >24 hours duration shall be burned in a flare, if the gas can burn safely

• All gas releases of <24 hours duration may be vented to the air if not required to be flared for safety reasons (contact District Office for verification)
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Gas Releases Authorized by Rule

Authorized gas releases during production operations must be measured (metered) and be reported on monthly Production Reports. Flaring beyond the limits set in the following scenarios requires an exception (permit) to be granted.

- Produced gas not to exceed 10 producing days after initial completion, recompletion in another field, or workover in the same field.

- Gas that must be unloaded from a well may be vented up to 24 hours in one continuous event or up to 72 cumulative hours in one month.
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Gas Releases Authorized by Rule (cont.)

• Gas from a lease production facility may be released for up to 24 hours in the event of a pipeline or gas plant upset.

• Gas contained in waste stream from molecular sieve or membrane gas treatment unit, provided at least 85% of inlet gas is recovered and directed to legal use.

• Low pressure separator gas, up to 15 mcfd for gas wells, 50 mcfd for oil leases or commingled points (gas must pass through separator, heater-treater, free-water knockout, or other low-pressure equipment prior to release).
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Gas Releases from gas gathering system or gas plant

• May be released for up to 24 hours in the event of a pipeline or gas plant upset. Notify the local District Office as soon as reasonably possible after release begins.

• If gas plant operator presents information that shows necessity of release is justified beyond 24 hours, operator may continue to flare gas. Operator must file exception request within one business day after first 24 hours of release.
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Exceptions (a.k.a. “Flare Permits”)

- Exceptions are good for 45 days up to a total of 180 days.
- May be indefinitely approved administratively with adequate justification if less than 50 mcf/day.
- Exceptions for more than 180 days may only be granted through a final order (hearing) signed by the Commission.
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Exceptions

• Documentation **required** for permanent exception
  • cost benefit analysis
  • map showing nearest pipeline capable of accepting gas
  • estimate of gas reserves

• Fee of **$375.00** per gas well, oil lease, or commingled vent/flare point

• Exception may be sent by fax or email, provided a signed original request, accompanied with fee, is received by Commission within **3** business days
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Exceptions

• If additional time is requested, operator must re-file within 21 days BEFORE the expiration of existing exception.

• If re-filed within 21 days, the operator is authorized to continue flaring/venting until final approval or denial of the requested permit extension.

• If operator files for extension less than 21 days before expiration or after expiration of the permit, continues to flare during processing of request and the request is denied, operator may be subject to administrative penalties
Statewide Rule 32

Exceptions

• Not transferable upon a change of operatorship

• Operator has 90 days to re-file the exception once the P-4 transfer has been approved
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Additional information

- An automated system check for permits if flaring is indicated on Production Reports
  - If flaring production is not permitted, operator will automatically be sent a Notice of Violation (30 days), a Notice of Intent to Sever by certified mail (30 days), and then a severance letter, if compliance is not achieved.

- A permit extension may be denied if no progress is made to eliminate necessity for flaring.
Statewide Rule 32

January 2014 Notice to Industry

• ...unauthorized venting or flaring of gas may constitute waste. SWR 32 prohibits venting or flaring of gas under certain conditions unless authorized by the Commission. ... Any venting/flaring of casinghead gas or gas well gas not authorized by SWR 32 or by permit may be subject to administrative penalty action.

• An operator whose application to vent or flare gas is denied in whole or in part has the right to request a hearing before the Commission.
Flaring Permits

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To put these numbers in context, Texas currently has more than 176,000 producing oil wells, so flaring involves just a small fraction of the state’s oil wells.
Statewide Flaring Percentage

Approximately 0.8% produced gas is flared/vented on average.
Flaring Frequently Asked Questions:
## District Offices

<table>
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<tr>
<th>District</th>
<th>City</th>
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<tr>
<td>1 &amp; 2</td>
<td>San Antonio</td>
<td>115 East Travis St, Suite 1610</td>
<td>(210) 227-1313</td>
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<td></td>
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<td>1706 Seamist Dr, Suite 501</td>
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<td>10320 IH 37</td>
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<tr>
<td>5 &amp; 6</td>
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<td>2005 North State Highway 42</td>
<td>(903) 984-3026</td>
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