



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL AND GAS DOCKET NO. 08-0299698

THE APPLICATION OF PATRIOT RESOURCES, INC. FOR AN EXCEPTION TO STATEWIDE RULE 32 FOR THE NYALA UNIT 9A, 9B; DARLINGTON UNIT 11A; AND AFRICAN LION TANK BATTERIES, WOLFBONE (TREND AREA) FIELD, REEVES COUNTY, TEXAS

OIL AND GAS DOCKET NO. 08-0299699

THE APPLICATION OF PATRIOT RESOURCES, INC. FOR AN EXCEPTION TO STATEWIDE RULE 32 FOR VARIOUS TANK BATTERIES, WOLFBONE (TREND AREA) FIELD, REEVES COUNTY, TEXAS

HEARD BY: Brian Fancher, P.G. – Technical Examiner
Marshall F. Enquist – Administrative Law Judge

HEARING DATE: April 13, 2016
SUBMISSION DATE: September 14, 2016
CONFERENCE DATE: September 27, 2016

APPEARANCES: **REPRESENTING:**

APPLICANT:

Ana Maria Marsland-Griffith Patriot Resources, Inc.
Catherine Niblu
Zachary Roybal

EXAMINERS' REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

The captioned dockets were heard on a joint-record at the April 13th public hearing. Pursuant to 16 Tex. Admin. Code §3.32, Patriot Resources, Inc. seeks an exception to flare casinghead gas produced from the Wolfbone (Trend Area) Field (Field) that is handled at seventeen tank batteries (Subject Applications).¹ The applications are unopposed. The

¹ Patriot Exh. Nos. 7 and 8.

Administrative Law Judge and Technical Examiner (Examiners) recommend that they 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.

General Background

Zachary Roybal, Production Manger at Patriot, testified as an expert witness in petroleum engineering and facilities design and operation. Catherine Niblu, Engineering Tech at Patriot, testified as a fact witness on behalf of Patriot.

Notice of hearing for the Subject Applications was sent by U.S. mail directed to all offsetting operators, as well as the Oil & Gas Division, on March 1, 2016.²

The tank batteries associated with the Subject Application are all located on a roughly 40,000-acre general area in Reeves County.³ The major distinction between the captioned dockets is that Patriot seeks a Final Order in the Subject Applications granting it flaring authority for the tank batteries associated with Oil & Gas Docket 08-0299698 for the first time. The Commission previously granted flaring exceptions for one year concerning all of the tank batteries identified in Oil & Gas Docket 08-0299699.⁴

Oil & Gas Docket 08-0299698

The captioned docket consists of the Nyala Unit 9A, 9B (Flare Permit No. 25585); Darlington Unit 11A (Flare Permit No. 25584); and African Lion (Lease ID No. 46349).

Patriot received administrative authority to flare up to 800 MCF of casinghead gas at the Nyala Unit 9A,9B for 35 days, effective August 15, 2015. Subsequently, Patriot was granted authority to flare up to 570 MCF of casinghead gas at that location for an additional 135 days, effective November 16, 2015. At the hearing, Patriot evidenced that it only flared casinghead gas for 20 days between August 15, 2015 and February 7, 2016.⁵

Patriot received administrative authority to flare up to 600 MCF of casinghead gas at the Darlington Unit 11A for 180 days, effective July 1, 2015. Patriot evidenced again that it flared casinghead gas on 71 days between July 1, 2015 and February 7, 2016.

² See Notice of Hearing and Service List made March 1, 2016 for the Subject Applications.

³ Audio recording at 2:07.

⁴ Patriot Exh. No. 4.

⁵ Patriot Exh. No. 5.

Patriot evidenced that its administrative application for flare authority as to the African Lion Battery was pending at the time of the hearing.

Patriot seeks the following relief in Oil and Gas Docket 08-0299698:

1. Nyala Unit 9A, 9B – 570 MCFG per day for one year, effective 3/31/16;
2. Darlington Unit 11A – 600 MCFG per day for one year, effective 2/23/16;
3. African Lion (Lease ID 46349) – 400 MCFG per day for one year, effective 2/11/16.

Oil & Gas Docket 08-0299699

Patriot submitted a copy of Oil and Gas Final Order 08-02495779, effective August 25, 2016. That Final Order granted Patriot authority to flare casinghead gas at the exact volumes listed below from each of the tank batteries named in Oil and Gas Docket 08-0299699.

Patriot seeks the following relief in Oil and Gas Docket 08-0299699:

<u>Tank Battery Name</u>	<u>Volume and Time Requested</u>
1. Baboon 5 (Lease ID. 44287)	220 MCFGD for one year, effective 3/14/16
2. Bonobo 29 (45432)	150 MCFGD for one year, effective 3/14/16
3. Cheetah 11 (42924)	200 MCFGD for one year, effective 3/14/16
4. Bongo 13 (781145)	500 MCFGD for one year, effective 3/14/16
5. Bushbuck 12 (41744)	90 MCFGD for one year, effective 3/22/16
6. Caribou 10 (781568)	1000 MCFGD for one year, effective 5/20/16
7. Elephant 3 (45363)	1000 MCFGD for one year, effective 3/14/16
8. Giraffe 18 (44402)	1000 MCFGD for one year, effective 3/29/16
9. Hyena 15 (781565)	400 MCFGD for one year, effective 4/11/16
10. Lemur Unit 24 (777660)	500 MCFGD for one year, effective 3/22/16
11. Leopard 5 (42588)	200 MCFGD for one year, effective 3/14/16
12. Mamba Unit 17 (782716)	500 MCFGD for one year, effective 4/30/16
13. Meerkat 17 (779533)	1100 MCFGD for one year, effective 3/14/16
14. Tiger Unit (786554)	1000 MCFGD for one year, effective 5/6/16

Patriot's General Argument for Subject Applications

Patriot submitted a surface map that depicts the surface locations for the tank batteries that comprise the Subject Applications.⁶ Each battery is identified by a green rectangle accompanied by a description box fitted with the respective tank battery's name. Those tank batteries are connected to a low-pressure pipeline system that was built by Patriot.⁷ Patriots' pipeline system is identified in red color on that map. It is connected to a gas sales pipeline, identified by florescent highlight on that map, which is operated by Regency Energy Transfer (Regency). The Regency gas sales pipeline is a low-pressure system.

⁶ Patriot Exh. No. 1.

⁷ Testimony at 5:45 of audio recording.

Patriot argues that Regency is the only sales pipeline market available in the area surrounding the tank batteries in the Subject Applications. Patriot contends that Regency's existing pipeline infrastructure is inadequate to handle Patriot's volume of casinghead gas at each named tank battery. Patriot evidenced that Regency is in the process of improving its pipeline infrastructure to add additional capacity; however, those plans are on hiatus for an unknown amount of time.⁸ Patriot, therefore, needs its requested relief as previously mentioned for one year at each of the named tank batteries.

By letter dated February 11, 2016, Patriot timely requested a hearing for the Subject Applications, except for the Darlington Unit 11A (Flare Permit No. 25584). The administrative flare permit for the Darlington Unit 11A expired on February 22, 2016.

FINDINGS OF FACT

1. In Oil and Gas Docket Nos. 08-0299698 and 08-0299699, Patriot Resources, Inc. ("Patriot") seeks an exception to 16 Texas Admin. Code §3.32 to flare casing-head gas derived from the Wolfbone (Trend Area) Field, Reeves County, Texas, at seventeen tank batteries, in the following manner (Subject Applications):

<u>Tank Battery Name</u>	<u>Volume and Time Requested</u>
a. Baboon 5 (Lease ID. 44287)	220 MCFGD for one year, effective 3/14/16
b. Bonobo 29 (45432)	150 MCFGD for one year, effective 3/14/16
c. Cheetah 11 (42924)	200 MCFGD for one year, effective 3/14/16
d. Bongo 13 (781145)	500 MCFGD for one year, effective 3/14/16
e. Bushbuck 12 (41744)	90 MCFGD for one year, effective 3/22/16
f. Caribou 10 (781568)	1000 MCFGD for one year, effective 5/20/16
g. Elephant 3 (45363)	1000 MCFGD for one year, effective 3/14/16
h. Giraffe 18 (44402)	1000 MCFGD for one year, effective 3/29/16
i. Hyena 15 (781565)	400 MCFGD for one year, effective 4/11/16
j. Lemur Unit 24 (777660)	500 MCFGD for one year, effective 3/22/16
k. Leopard 5 (42588)	200 MCFGD for one year, effective 3/14/16
l. Mamba Unit 17 (782716)	500 MCFGD for one year, effective 4/30/16
m. Meerkat 17 (779533)	1100 MCFGD for one year, effective 3/14/16
n. Tiger Unit (786554)	1000 MCFGD for one year, effective 5/7/16
o. Nyala Unit 9A, 9B (Flare No. 25585)	570 MCFGD for one year, effective 3/31/16
p. Darlington Unit 11A (Flare No. 25584)	600 MCFGD for one year, effective 2/23/16
q. African Lion (Lease ID. 46349)	400 MCFGD for one year, effective 2/11/16

2. Notice of Hearing for the subject application was provided to offsetting operators.
3. Prior to the hearing held to consider the subject application, Patriot received administrative authority to flare casinghead gas from the seventeen tank batteries named in Finding of Fact No. 1 above, except the African Lion (Lease ID 46349).
4. Patriot evidenced that its administrative flaring exception application for the African Lion (Lease ID 46349) was pending at the time of the April 13, 2016 hearing for the Subject Applications.

⁸ Testimony from 5:00 to 10:50 of audio recording.

5. Patriot's administrative authority to flare from each of the subject leases expired on the day preceeding the effective date listed in Finding of Fact No. 1, except for the Darlington Unit 11A (Flare No. 25584).
6. The administrative flare permit for the Darlington Unit 11A expired on February 22, 2016.
7. The effective and expiration dates for administrative flaring authority as to the African Lion (Lease ID 46349) are not in the record evidence made by Patriot for the Subject Applications.
8. Patriot submitted a hearing request to the Commission for the subject application on February 11, 2015.
9. Approval of the subject application is reasonable and appropriate, pursuant to 16 Tex. Admin. Code §3.32.

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 rates and time frames to flare casing-head gas, as described in Finding of Fact No. 1, satisfies the requirements of Title 16 TAC §3.32.

EXAMINERS' RECOMMENDATION

Based on the above findings of fact and conclusions of law, the Examiners recommend that the Commission grant Patriot Resources, Inc. exceptions to flare casing-head gas from the fourteen tank batteries as described in Finding of Fact No. 1 above.

Respectfully submitted,



Brian Fancher, P.G.
Technical Examiner



Marshall F. Enquist
Administrative Law Judge