



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL & GAS DOCKET NO. 08-0304185

THE APPLICATION OF BOPCO, LP FOR AN EXCEPTION TO STATEWIDE RULE 32 FOR 13 FLARE POINTS IN THE KEYSTONE HOLT UNIT, KEYSTONE (CONSOLIDATED) FIELD, WINKLER COUNTY, TEXAS

HEARD BY: Paul Dubois – Technical Examiner
Jennifer N. Cook – Administrative Law Judge

HEARING DATE: June 1, 2017

CONFERENCE DATE: August 1, 2017

APPEARANCES:

APPLICANT:

David Gross
Dale Miller
Sherry Pack
Patty Urias

REPRESENTING:

BOPCO, LP

EXAMINERS' REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Pursuant to Statewide Rule 32 (16 Tex. Admin. Code §3.32) BOPCO, LP ("BOPCO") seeks authority to flare gas at 13 flare points at its Keystone Holt Unit in the Keystone (Consolidated) Field, Winkler County, Texas. BOPCO originally requested exceptions for 14 flare points, but withdrew one. The wells on the Keystone Holt Unit are connected to a gas pipeline. However, the field produces significant quantities of hydrogen sulfide ("H₂S"), and the gas gatherer, Energy Transfer Company ("ETC"), no longer has adequate treatment capability and cannot accept much of the produced gas. BOPCO seeks authority to flare up to 6,282 thousand cubic feet ("mcf") of gas per day. Of this, 6,082 mcf/day will be from nine (9) flare points and the requested authority will last two years. Four of the flare points will have permanent exceptions because the authorized flare volume will be limited to 50 mcf/day, the maximum permanent exception allowed under Rule 32. The application was not protested. The Examiners recommend BOPCO's exceptions be granted.

Generally, Statewide Rule 32 governs the utilization for legal purposes of natural gas produced under the jurisdiction of the Railroad Commission. BOPCO seeks relief in the captioned docket pursuant to Statewide Rule 32(f)(2)(D), as follows:

The commission or the commission's delegate may administratively grant or renew an exception to the requirements of limitations of this subsection subject to the requirements of subsection (h)... if the operator of a well or production facility presents information to show the necessity for the release...

Statewide Rule 32(h)(4) 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.

Because BOPCO requests an exception for more than 180 days and to flare more than 50 mcf of casinghead gas per day for 9 of the 13 flare points, the procedure to address BOPCO's request for an exception is through a hearing resulting in a final order signed by the Commission. BOPCO requested permanent exceptions be granted through the Final Order as a matter of convenience, to keep all of the flare exceptions for the Unit together.

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 the hearing.
2. BOPCO operates the Keystone Holt Unit in the Keystone (Consolidated) Field in Winkler County, Texas.
3. Wells on the Keystone Holt Unit produce hydrocarbon fluids containing up to 11,790 parts per million ("ppm") H₂S.
4. The Keystone Holt Unit is connected to a gas gathering and transmission system operated by ETC.
5. ETC's gathering and processing system is not able to continue to accept BOPCO's sour gas.
6. BOPCO cannot produce liquid hydrocarbons from the Unit if there is no available legal disposition for the sour gas.
7. BOPCO requests exceptions to Statewide Rule 32 to enable it to continue to produce hydrocarbon liquids.

8. Statewide Rule 32 governs the utilization for legal purposes of natural gas produced under the jurisdiction of the Railroad Commission.
9. BOPCO has obtained administrative flare permits for the 13 flare points.
10. The following flare volumes will enable BOPCO to continue to operate the Keystone Holt Unit:
 - a. For the Keystone Holt Unit BATT-2-STA H-6, BOPCO requests authority to flare up to 50 mcf gas per day on a permanent basis.
 - b. For the Keystone Holt Unit BATT-2-STA H-7, BOPCO requests authority to flare up to 50 mcf gas per day on a permanent basis.
 - c. For the Keystone Holt Unit BATT-2-STA H-9, BOPCO requests authority to flare up to 50 mcf gas per day on a permanent basis.
 - d. For the Keystone Holt Unit BATT-2-STA H-11, BOPCO requests authority to flare up to 50 mcf gas per day on a permanent basis.
 - e. For the Keystone Holt Unit BATT-2-STA H-5, BOPCO requests authority to flare up to 80 mcf gas per day for a period of two years.
 - f. For the Keystone Holt Unit BATT-2-STA H-12, BOPCO requests authority to flare up to 80 mcf gas per day for a period of two years.
 - g. For the Keystone Holt Unit BATT-2-STA CDF, BOPCO requests authority to flare up to 400 mcf gas per day for a period of two years.
 - h. For the Keystone Holt Unit BATT-1-STA G, BOPCO requests authority to flare up to 482 mcf gas per day for a period of two years.
 - i. For the Keystone Holt Unit BATT-1-STA H-1, BOPCO requests authority to flare up to 600 mcf gas per day for a period of two years.
 - j. For the Keystone Holt Unit BATT-2-STA H-4, BOPCO requests authority to flare up to 640 mcf gas per day for a period of two years.
 - k. For the Keystone Holt Unit BATT-1-STA B, BOPCO requests authority to flare up to 800 mcf gas per day for a period of two years.
 - l. For the Keystone Holt Unit BATT-1-STA A, BOPCO requests authority to flare up to 1,000 mcf gas per day for a period of two years.
 - m. For the Keystone Holt Unit BATT-1-STA H-2, BOPCO requests authority to flare up to 2,000 mcf gas per day for a period of two years.

11. At the hearing, the applicant agreed on the record that a Final Order in this case is to be effective when the Master Order is signed.

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. All notice requirements have been satisfied. 16 Tex. Admin. Code §§1.43 and 1.45.
3. Approval of the application will enable BOPCO to continue to produce liquid hydrocarbons from the Keystone Holt Unit.
4. Pursuant to §2001.144(a)(4)(A), of the Texas Government Code, and the agreement of the applicant, this Final Order is effective when a Master Order relating to this Final Order is signed on August 1, 2017.

EXAMINERS' RECOMMENDATION

The Examiners recommend approval of the application of BOPCO for exceptions to Statewide Rule 32 for the 13 flare points in the Keystone Holt Unit, Keystone (Consolidated) Field, Winkler County, Texas, as set out in the attached Final Order.

Respectfully submitted,



Paul Dubois
Technical Examiner



Jennifer N. Cook
Administrative Law Judge