



Statewide Rule 32: Venting and Flaring

Weston Cassady
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RRC Mission



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.

Statewide Rule 32



Texas Administrative Code (TAC) Title 16, Part 1, Chapter 3 §3.32

Gas Well Gas and Casinghead Gas Shall
Be Utilized for Legal Purposes



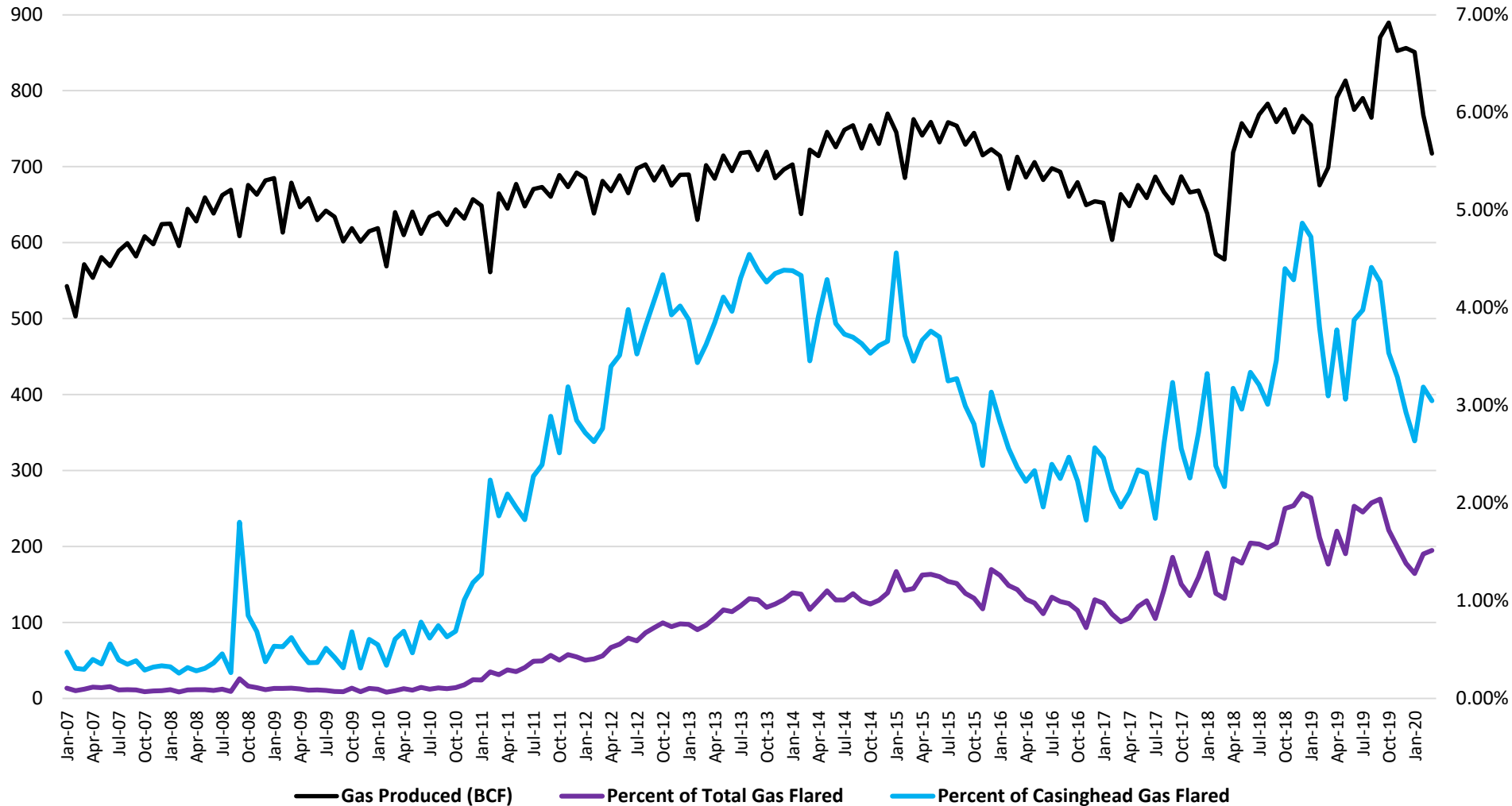
Flaring Exceptions



To put these numbers in context, as of August 31, 2019 Texas had 264,877 producing oil and gas wells, so venting and flaring involves just a small fraction of the state's oil wells.

FISCAL YEAR	FLARE PERMITS ISSUED
2019	6,972
2018	5,488
2017	3,708
2016	4,870
2015	5,689
2014	5,313
2013	3,092
2012	1,963
2011	651
2010	306
2009	158
2008	107

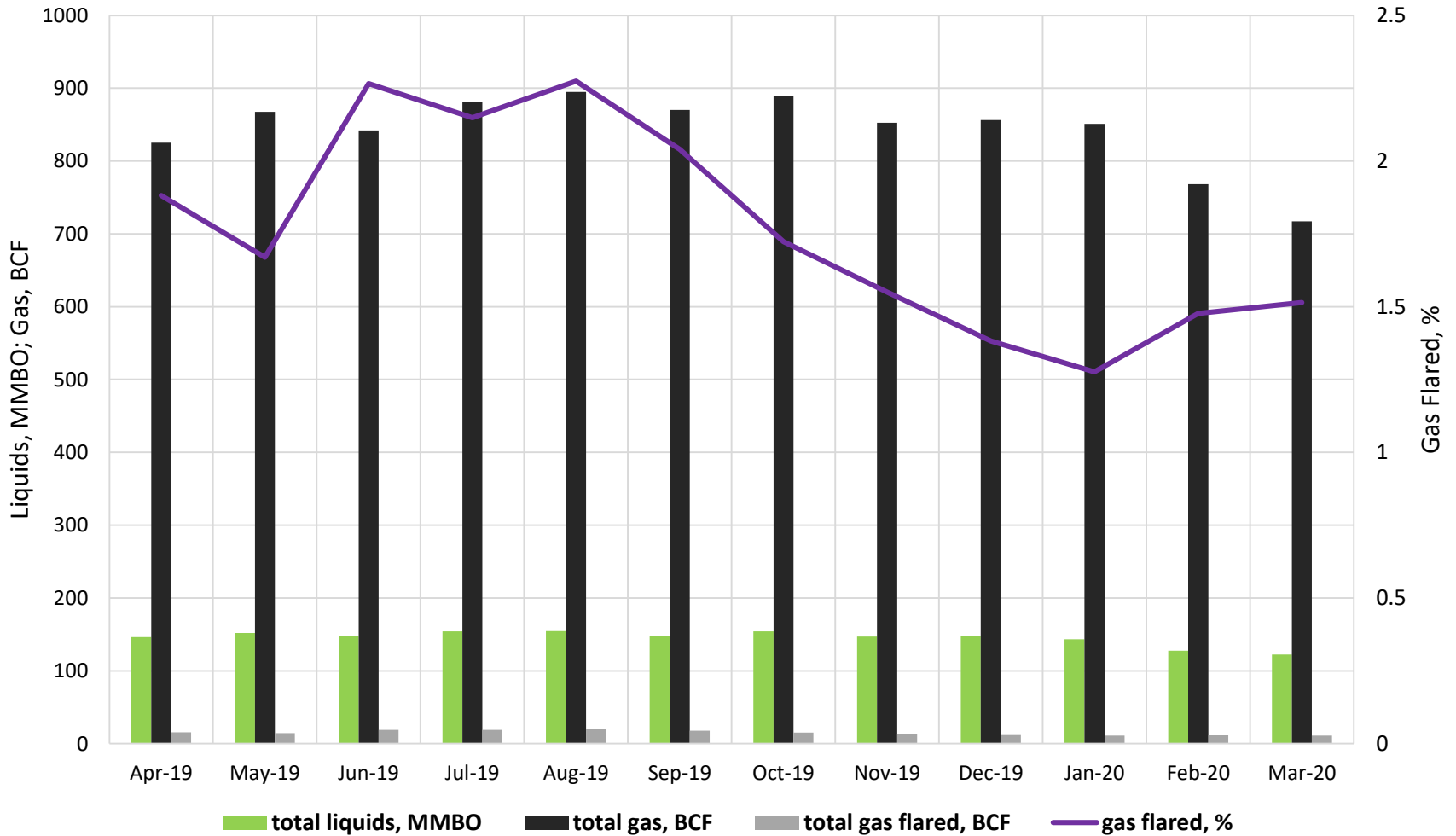
Statewide Flaring Percentage



2019 Statewide Flaring Percentage



Statewide Total Liquids, Gas Production and Gas Flared (Draft)



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.



Session Description



- **Exemptions from the rule**
 - *When does SWR 32 not apply? No metering required!*
- **Authorized Flaring and Venting**
 - Flaring without an exception under special conditions. Meter all gas and report on Production Report.
- **Flaring Exceptions**
 - What is required for an exception and what does it do for an operator?
- **Additional Information**

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

Exemptions (cont.)



- 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)

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 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.

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 mcf** for gas wells, **50 mcf** for oil leases or commingled points (gas must pass through separator, heater-treater, free-water knockout, or other low-pressure equipment prior to release).



- 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 (1 of 5)



- Application is made on the Statewide Rule 32 Data Sheet, which can be downloaded from our website, <https://rrc.texas.gov/>
- Fee of **\$375.00** per gas well, oil lease, or commingled vent/flare point [*see SWR 32(h)(8) for a special situation*].
- Exception may be sent by fax or email, provided a signed original request, accompanied with fee, is received by Commission within **3** business days

Exceptions (2 of 5)



- Current practice for administrative exceptions:
 - **45 to 60-day** term for pipeline capacity issues and system upsets
 - **90-day** term for lack of pipeline
- May be renewed administratively for up to a total of **180 days**.
- Exceptions for more than **180 days** may only be granted through a hearing with a final order signed by the Commission.
- When an operator files for a hearing to go beyond the **180 days**, it is now required that the data sheet and filing fee be filed with the hearing request letter.
 - Information Required:
 - Hearing Request Letter
 - Service List (names & addresses of offset operators)
 - Data Sheet
 - Filing Fee

Exceptions (3 of 5)



- May be indefinitely approved administratively with adequate justification if **less than 50 mcf/day**
- Documentation **required** for permanent exception
 - Statewide Rule 32 Data Sheet
 - cost benefit analysis
 - map showing nearest pipeline capable of accepting gas
 - estimate of gas reserves

Exceptions (4 of 5)



- 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 exception extension.
- If operator files for extension less than **21 days** before expiration or after expiration of the exception, continues to flare during processing of request and the request is denied, operator **may be subject to administrative penalties**

Exceptions (5 of 5)



- Each filing (re-file) must be accompanied by the Statewide Rule 32 Data Sheet and \$375 fee.
 - Not transferable upon a change of operatorship
 - Operator has **90 days** to re-file the exception once the P-4 transfer has been approved
- ❖ **Update:**
- The RRC is no longer back-dating exceptions. Operators are expected to comply with the filing time requirements set out in SWR32.



- Renewal: provide existing Exception #
- Include the Operator Number
- Provide the RRC Lease ID if assigned; if not, then provide the Drilling Permit No.
- If applicable, provide the Form H-9 Certificate No. and the hydrogen sulfide concentration in ppm.
- Requested flare rate should be in mcf/day.



- If the case goes to hearing a SWR 32 Data Sheet and fee are required.
- Include the flare exception number and the docket number of the final order on the data sheet.



- “Explanation” portion of data sheet:
 - Generally, flaring is considered to create waste, so if the operator claims it is to prevent waste, they should be prepared to give a detailed explanation on the data sheet.
 - Explanations need to detail why the operations cannot be shut-in and;
 - How all legal uses for casinghead gas have been investigated and exhausted.
 - Insufficient Explanation Examples:
 - Economics
 - Mineral Owner might be damaged



- “Method of Measurement” portion of data sheet:
 - Must provide an actual method of measurement
 - SWR32 does allow for estimation of the volumes; however, the method used to estimate must be given.
 - “Measured” is not an acceptable answer

Statewide Rule 32 Exception Data Sheet



STATEWIDE RULE 32 EXCEPTION DATA SHEET

(05/2012)
Revised

(FILING FEE REQUIRED)
\$ 375.00 PER RRC LEASE NUMBER OR \$375.00 PER RRC GAS ID NUMBER. IF SEVERAL LEASES ARE SURFACE COMINGLED AND FLARED AT THE BATTERY, FEE IS \$375.00 PER COMINGLING PERMIT NUMBER. (STATEWIDE RULE 78 AMENDMENT EFFECTIVE MAY 1, 2012)

Operator Number

Operator Number: _____
Operator Name & Address: _____
24 hr Emergency # (____) _____
RRC DISTRICT _____
COUNTY _____

Identification

Well/Lease/Plant/System Name _____ Field _____
Identification by ID# (Indicate Type):
API# _____ Gas ID# _____ Lease ID# _____ Drilling Permit# _____ Commingle Permit# _____ Plant ID# _____
Number(s) _____

H-9 Certificate #

Type of gas to be flared/vented (mark box): _____ Casinghead Gas _____ Gas Well Gas _____
Is this well/lease/plant subject to Statewide Rule 36 (H₂S Area)? _____ Yes _____ No

If yes*, Form H-9 Certificate # _____ H₂S Concentration _____ ppm

H₂S Concentration (ppm)

*Proximity to populated areas-(Highways, Roads, Towns, House or Homes, Etc.) LOCATE ON MAP

Disposition of gas (mark box): _____ Flare _____ Flare Stack/ Height _____ Flare Pit _____ Vent _____

Time period requested (days,months): _____ Effective ___/___/___ Expiration ___/___/___

Volume to be flared/vented during time period requested: _____

Flare Rate in mcf/day

MCF/D per well or _____ MCF/D per lease or _____ MCF/D per plant/system or _____ MCF total for time period _____

Method of Measurement: _____

Purpose of Filing (circle): No Pipeline* _____ System Upset _____ Clean Up/Test Well _____ Size Compressor _____ Other _____

*If no. distance to nearest pipeline _____ mile(s) - attach map showing location of site and nearest pipeline(s).

Explanation: _____

Explanation

Before an exception can be granted, the following information must be submitted with this data sheet:

- * Explanation as to why the operations cannot be shut-in and the gas must be vented or flared
- * If gas is vented, explain why the gas cannot be safely and continuously burned and that the gas can be safely vented
- * Explanation of how all legal uses for casinghead gas have been investigated and exhausted
- * Distance to nearest pipeline and operating conditions (e.g. sweet or sour, line pressure etc.)

- Plant shutdown: what plant?
- Gather capacity issues: who?

OPERATOR'S CERTIFICATION

I declare under penalties prescribed in Sec.91.143, Texas Natural Resources Code, that I am authorized to request this exception, that this data sheet and its attachments were prepared by me or under my supervision and direction, and that the data and facts stated therein are true, correct, and complete, to the best of my knowledge.

Typed or printed name of operator's representative _____ Title _____

Telephone: Area Code - Number _____ Date _____ Signature _____

Does the applicant request to receive all Commission correspondence concerning the administrative review of this application VIA EMAIL ONLY: If yes, indicate email address _____@_____

RRC USE ONLY

Administrative action: Approved _____ Denied _____

Permit Number _____ Effective Date _____ Expiration Date _____

ALL PRODUCTION SHOULD BE ACCURATELY MEASURED WITH DISPOSITION OF GAS REPORTED TO CODE 4 ON MONTHLY PR

Return Address

Return to: RAILROAD COMMISSION OF TEXAS
TERRY EDWARDS
PO BOX 12967
AUSTIN TX 78711



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- An automated system check for exceptions 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.
- An exception extension may be denied if no progress is made to eliminate necessity for flaring.

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 exception 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.

Frequently Asked Questions

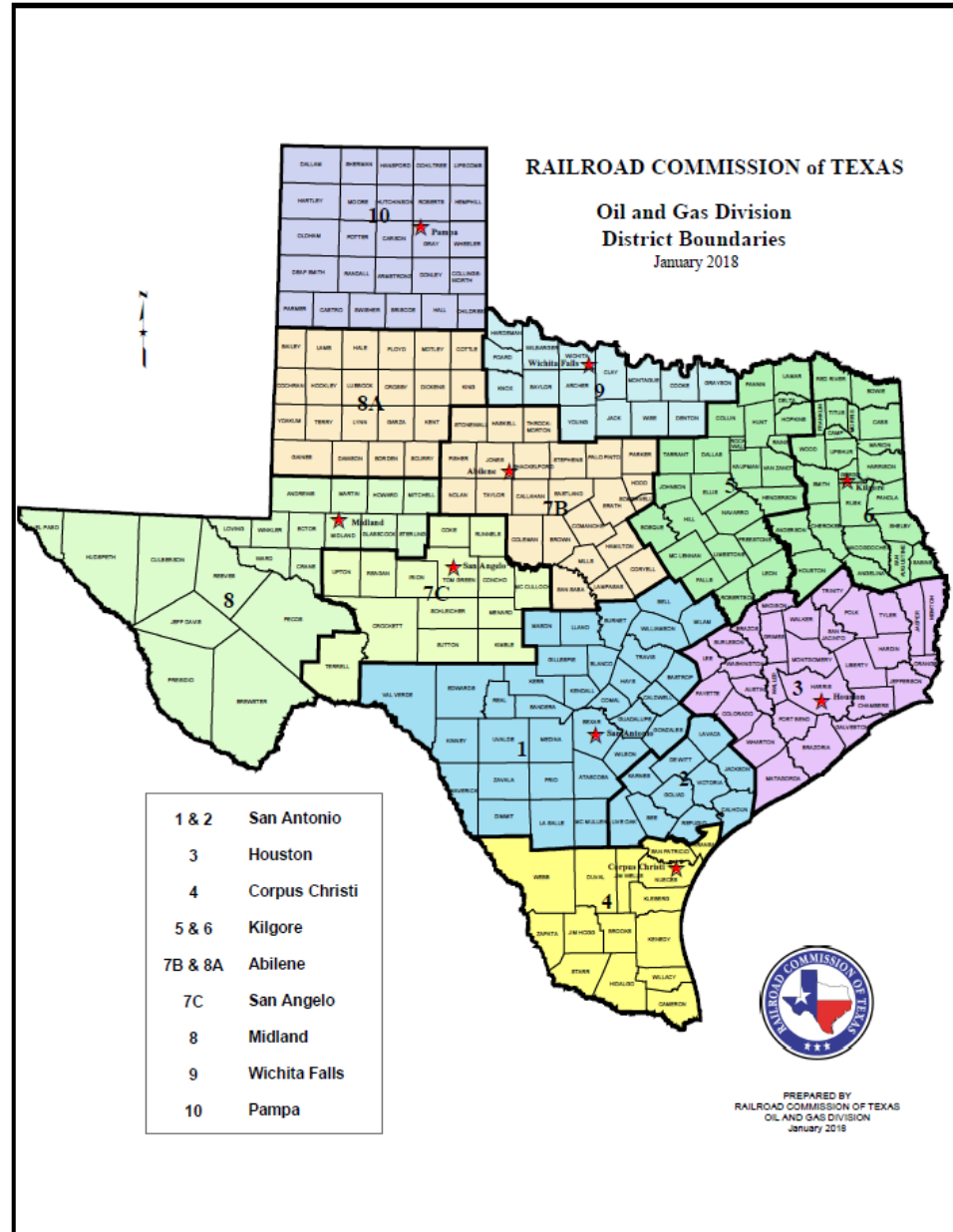


- Website – <http://www.rrc.texas.gov>
- Search “Flaring Frequently Asked Questions”
 - Why does RRC grant flaring exceptions?
 - Does RRC allow long-term flaring?
 - Does RRC track how much has been flared?
 - How many venting and flaring exceptions have been issued in Texas?
 - What percentage of total gas is reported flared?
 - How does RRC regulate flaring?

Oil and Gas District Offices



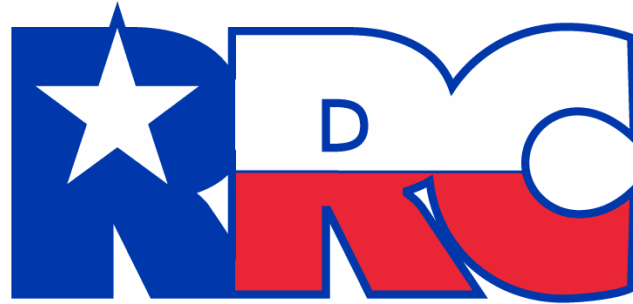
- San Antonio
- Houston
- Corpus Christi
- Kilgore
- Abilene
- San Angelo
- Midland
- Wichita Falls
- Pampa



District Offices



<u>District</u>	<u>City</u>	<u>Address</u>	<u>Phone</u>
1 & 2	San Antonio	112 East Pecan St, Suite 705 San Antonio, TX 78205	(210) 227-1313
3	Houston	1919 N. Loop West, Suite 620 Houston, TX 77008	(713) 869-5001
4	Corpus Christi	10320 IH 37 Corpus Christi, TX 78410	(361) 242-3113
5 & 6	Kilgore	2005 North State Highway 42 Kilgore, TX 75662	(903) 984-3026
7B	Abilene	3444 North First St, Suite 600 Abilene, TX 79603	(325) 677-3545
7C	San Angelo	622 South Oakes St, Suite J San Angelo, TX 76903	(325) 657-7450
8 & 8A	Midland	10 Desta Dr, Suite 500 E Midland, TX 79705	(432) 684-5581
9	Wichita Falls	5800 Kell Blvd, Suite 300 Wichita Falls, TX 76310	(940) 723-2153
10	Pampa	200 West Foster, Room 300 Pampa, TX 79065	(806) 665-1653



Statewide Rule 32 Exception Contacts:

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