



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL AND GAS DOCKET NO. 01-0284259

THE APPLICATION OF EOG RESOURCES, INC. FOR AN EXCEPTION TO STATEWIDE
RULE 32 FOR THE RVR LEASE, EAGLEVILLE (EAGLE FORD-1) FIELD, ATASCOSA
COUNTY, TEXAS

HEARD BY: Paul Dubois – Technical Examiner
Laura Miles-Valdez – Legal Examiner

DATE OF HEARING: October 9, 2013

APPEARANCES: REPRESENTING:

APPLICANT:

Doug Dashiell
Jeffrey Perry

EOG Resources, Inc.

EXAMINERS' REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

EOG Resources, Inc. ("EOG") requests an exception to Statewide Rule 32 to flare up to 150 MCFPD of sour casinghead gas from September 16, 2013 through September 30, 2015, from the RVR Lease, Eagleville (Eagle Ford-1) Field, Atascosa County, Texas.

Notice was provided to offset operators surrounding the above referenced lease. The application is unopposed and the examiners recommend approval of an exception to Statewide Rule 32 for the RVR Unit Lease, as requested by EOG.

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 beyond 180 days shall be granted only in a final order

signed by the Commission. In the context of the subject application, EOG is requesting to flare 150 MCFPD of casinghead gas from September 16, 2013, through September 30, 2015, from the RVR Lease, as provided by Statewide Rule 32(h).

The RVR Unit Lease is located in south-central Atascosa County, approximately 14.5 miles south of the town of Jourdanton, Texas. This area of the Eagleville (Eagle Ford-1) Field is undergoing rapid development and lacks existing oil and gas infra-structure for new gas production. The RVR Lease is located 3.62 miles from the nearest sour gas pipeline.

EOG submitted a copy of the Commission Form W-2 filed for its RVR Lease, Well No. 1H that was completed on February 14, 2013. The 1H well produced 818 BOPD, 268 MCFGPD and 2,570 BWPD with a gas-oil ratio of 327 cubic feet per barrel. Concentrations of H₂S in the gas averaged 5,000 to 6,000 ppm.

EOG received administrative Permit No. 13096 to flare casinghead gas from its RVR Lease. The permit was effective from March 16, 2012 through September 15, 2013. The original permit was extended three times for the maximum 180 days allowed by an administrative permit. With each extension EOG requested and was granted a decreasing daily flare rate as follows:

- 300 MCFGPD from March 16, 2013, through April 15, 2013;
- 275 MCFGPD from April 16, 2013, through May 16, 2013;
- 125 MCFGPD from May 17, 2013, through July 16, 2013; and
- 71 MCFGPD from July 17, 2013, through September 15, 2013.

EOG provided an economic analysis of the cost of building a sour gas pipeline from the RVR Lease to the EOG sour gas pipeline 3.62 miles to the southeast. The analysis indicated that it would be uneconomical to build a sour gas pipeline for one well on the RVR Lease. Therefore, EOG requests an exception to Statewide Rule 32 to flare 150 MCFPD of casinghead gas from September 16, 2013 through September 30, 2015. The one well on the lease is currently producing about 71 MCFGPD; a flare permit for 150 MCFGPD would allow some flexibility in production rates.

FINDINGS OF FACT

1. Proper notice of this hearing was given at least ten days prior to the date of hearing. There were no protests to the application.
2. The RVR Lease is located in Atascosa County, approximately 14.5 miles south of the town of Jourdanton, Texas.

- a. This area of the Eagleville (Eagle Ford-1) Field is undergoing rapid development and lacks existing oil and gas infra-structure for new gas production.
 - b. The RVR Lease, Well No. 1H well produced 818 BOPD, 268 MCFGPD and 2,570 BWPD with a gas-oil ratio of 327 cubic feet per barrel.
 - c. Concentrations of H₂S in the gas averaged 5,000 to 6,000 ppm.
 - c. The RVR Lease is located 3.62 miles from the EOG sour gas gathering system.
3. Statewide Rule 32(h) stipulates that the Commission may administratively grant an exception to Statewide Rule 32 for a period no greater than 180 days.
 - a. EOG received administrative Permit No. 13096 to flare up to 300 MCFPD of casinghead gas from its Eland Unit Lease.
 - b. The permit was effective March 16, 2013, and expired on September 15, 2013, after three extensions, which totaled the maximum 180 days allowed by an administrative permit.
 4. It is not economical to build a 3.62-mile sour gas pipeline for one well on the RVR Unit.
 5. An exception to Statewide Rule 32 to flare 150 MCFPD of casinghead gas from September 16, 2013, through September 30, 2015 is appropriate.

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. Approval of the requested authority pursuant to Statewide Rule 32 will prevent waste and will not harm correlative rights.

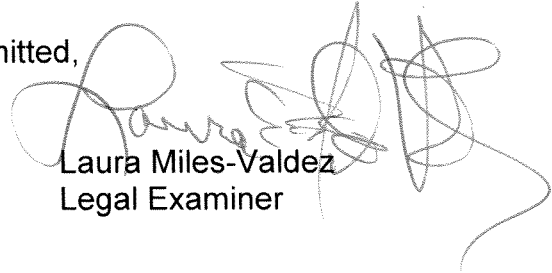
EXAMINERS' RECOMMENDATION

Based on the above findings of fact and conclusions of law, the examiners recommend that the Commission grant an exception to Statewide Rule 32 to flare 150 MCFPD of casinghead gas from September 16, 2013, through September 30, 2015, as requested by EOG Resources, Inc.



Paul Dubois
Technical Examiner

Respectfully submitted,



Laura Miles-Valdez
Legal Examiner

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

**OIL AND GAS DOCKET
NO. 01-0284259**

**IN THE EAGLEVILLE (EAGLE FORD-
1) FIELD, ATASCOSA COUNTY,
TEXAS**

**FINAL ORDER
APPROVING THE APPLICATION OF EOG RESOURCES, INC.
FOR EXCEPTION TO STATEWIDE RULE 32 FOR THE
RVR LEASE
EAGLEVILLE (EAGLE FORD-1) FIELD
ATASCOSA COUNTY, TEXAS**

The Commission finds that after statutory notice in the above-numbered docket heard on October 9, 2013, the presiding examiners have made and filed a report and recommendation containing findings of fact and conclusions of law, for which service was not required; that the proposed application is in compliance with all statutory requirements; and that this proceeding was duly submitted to the Railroad Commission of Texas at conference held in its offices in Austin, Texas.

The Commission, after review and due consideration of the examiners' report and proposal for decision, the findings of fact and conclusions of law contained therein, and any exceptions and replies thereto, hereby adopts as its own the findings of fact and conclusions of law contained therein, and incorporates said findings of fact and conclusions of law as if fully set out and separately stated herein.

Therefore, it is **ORDERED** by the Railroad Commission of Texas that EOG Resources, Inc. is hereby granted an exception to Statewide Rule 32 for the RVR Unit Lease (ID No. 16742), Eagleville (Eagle Ford-1) Field, Atascosa County, Texas. EOG Resources, Inc. is authorized to flare 150 MCFPD of casinghead gas from September 16, 2013, through September 30, 2015. The authority is granted, provided all production is reported on the appropriate Commission forms.

The operator shall file the Statewide Rule 32 Exception Data Sheet and, shall file at the same time, the appropriate Commission required administrative Statewide Rule 32 Exception gas flaring fee.

Done this 26th day of November, 2013.

RAILROAD COMMISSION OF TEXAS

**(Order approved and signatures affixed by
Hearings Divisions' Unprotested Master Order
dated November 26, 2013)**