



# RAILROAD COMMISSION OF TEXAS

## HEARINGS DIVISION

OIL AND GAS DOCKET NO. 01-0284744

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

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HEARD BY: Paul Dubois – Technical Examiner  
Terry Johnson – Legal Examiner

DATE OF HEARING: October 31, 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 70 MCFPD of sour casinghead gas from September 29, 2013 through March 31, 2014, from the Bowman East 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 Bowman East 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 MCFGPD 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 70 MCFPD of casinghead gas from September 29, 2013, through March 31, 2014, from the Bowman East Lease, as provided by Statewide Rule 32(h).

The Bowman East Lease is located in Atascosa County, approximately 12 miles south of the town of Charlotte, Texas. This area of the Eagleville (Eagle Ford-1) Field is undergoing rapid development and lacks existing oil and gas infrastructure for new gas production. The Bowman East Lease is located 3.2 miles from the nearest sour gas pipeline.

EOG submitted a copy of the Commission Form W-2 filed for its Bowman East Lease, Well No. 1H that was completed on February 27, 2013. The 1H well produced 404 BOPD, 134 MCFGPD and 2,067 BWPD with a gas-oil ratio of 331 cubic feet per barrel. Concentrations of H<sub>2</sub>S in the gas averaged 9,000 to 10,000 ppm.

EOG received administrative Permit No. 13205 to flare casinghead gas from its Bowman East Lease. The permit was effective from March 30, 2013 through September 28, 2013. The original permit was extended two 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:

- 150 MCFGPD from March 30, 2013, through April 29, 2013;
- 125 MCFGPD from April 30, 2013, through June 29, 2013;
- 100 MCFGPD from June 30, 2013, through September 28, 2013.

EOG requested a hearing on September 11, 2013, before the final administrative permit term expired.

EOG provided an economic analysis of the cost of building a sour gas pipeline from the Bowman East Lease to the Chesapeake sour gas pipeline 3.2 miles to the southeast. The analysis indicated that it would be uneconomical to build a sour gas pipeline for one well on the Bowman East Lease. A second option would be to build a 2.4 mile pipeline to EOG's sweet gas gathering system. This option would also require installation and operation of a treatment facility and would be economically unfeasible.

Therefore, EOG requests an exception to Statewide Rule 32 to flare 70 MCFPD of casinghead gas for six months, from September 29, 2013 through March 31, 2014. The one well on the lease is currently producing about 50 MCFGPD. Consistently declining gas production will give EOG an opportunity to apply for a permanent administrative flare permit.

**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 Bowman East Lease is located in Atascosa County, approximately 12 miles south of the town of Charlotte, 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 Bowman East Lease, Well No. 1H well produced 404 BOPD, 134 MCFGPD and 2,067 BWPD with a gas-oil ratio of 331 cubic feet per barrel.
  - c. Concentrations of H<sub>2</sub>S in the gas averaged 9,000 to 10,000 ppm.
  - c. The Bowman East Lease is located 3.72 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. 13205 to flare up to 150 MCFPD of casinghead gas from its Bowman East Lease.
  - b. The permit was effective March 30, 2013, and expired on September 28, 2013, after three extensions, which totaled the maximum 180 days allowed by an administrative permit.
4. It is not economical to build a 3.2-mile sour gas pipeline, or a treatment facility and 2.4-mile sweet gas pipeline for one well on the Bowman East Lease.
5. An exception to Statewide Rule 32 to flare 70 MCFPD of casinghead gas from September 29, 2013, through March 31, 2014 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 70 MCFPD of casinghead gas from September 29, 2013, through March 31, 2014, as requested by EOG Resources, Inc.

Respectfully submitted,



Paul Dubois  
Technical Examiner



Terry Johnson  
Legal Examiner