



## RAILROAD COMMISSION OF TEXAS HEARINGS DIVISION

**OIL AND GAS DOCKET NO. 08-0300425**

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**THE APPLICATION OF EOG RESOURCES, INC. FOR AN EXCEPTION TO STATEWIDE  
RULE 32 TO FLARE GAS FROM THE LINK VJ RANCH E 55-2-14, WELL 1H AND LINK  
VJ RANCH W 55-2-28, WELL 1H, PHANTOM (WOLFCAMP) FIELD, LOVING COUNTY,  
TEXAS**

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**HEARD BY:** Richard Eyster, P.G. – Technical Examiner  
Jennifer Cook – Administrative Law Judge

**HEARING DATE:** July 12, 2016

**CONFERENCE DATE:** November 15, 2016

<b>APPEARANCES:</b>	<b>REPRESENTING:</b>
<b>APPLICANT:</b> John K. Hicks Eric Burkholder Douglas Lowrie	EOG Resources, Inc.

### EXAMINERS' REPORT AND RECOMMENDATION

#### STATEMENT OF THE CASE

EOG Resources, Inc., (EOG) is requesting a two year flaring exception for the Link VJ Ranch 55-2-14 1H Well and the Link VJ Ranch 55-2-28 1H Well, Phantom (Wolfcamp) Field, Loving County from 05/08/2016 through 05/08/2018.

All offset operators in the subject field were notified of the hearing. The application is not protested.

The Administrative Law Judge and the Technical Examiner, (collectively the Examiners) recommend that the application be approved.

**DISCUSSION OF THE EVIDENCE**

16 TAC §3.32(h) provides that an exception to flare casinghead gas in volumes greater than 50 MCFGD may be granted administratively for a period up to 180 days. Furthermore, flaring exceptions beyond the 180 days shall be granted only in a final order signed by the Commission. Statewide Rule 32 contains no notice of application requirements.

EOG obtained an administrative permit, (Permit No. 26455), for the VJ Ranch 55-2-14 1H Well. The 1H Well was permitted to flare 500 MCFD of casinghead gas for 90 days, from 04/01/2016 through 06/30/2016. EOG obtained an administrative permit, (Permit No. 26456) for the Link VJ Ranch 55-2-28 1H Well. The 1H Well was authorized to flare 250 MCFD of gas for 180 days, from 10/01/2015 through 05/08/2016. On April 26, 2016, EOG requested a hearing to obtain a flaring exception by Final Order.

EOG Resources, Inc. is requesting a two year exception for both wells EOG is requesting a volume of 1,100 mcf/d from the Link VJ Ranch 55-2-14 1H Well and 900 mcf/d from the Link VJ Ranch 55-2-28 1H Well from 05/08/2016 through 05/08/2018. EOG stated that the two wells are connected to Regency Energy's high pressure sales pipeline in the area. The pipeline is at capacity and these wells flow on an interruptible basis and gets shut out of the pipeline when flow rates in other areas increase. This system has led to an unreliable sales situation for these wells as they can only flow when pipeline pressures and volumes are low. Additionally Regency has a pressure safety pressure valve set on the upstream side of their sales meter that protects their pipeline. If pipeline pressures approach the maximum operating pressure of their line, this safety valve vents excess gas to the atmosphere. EOG has set their compression system to flare before the maximum pressure is reached. EOG is currently evaluating other more reliable options for gas sales pipelines, but has not identified any economic candidates. The two year flare permit is requested to give EOG time to identify reliable sales options. EOG stated that without the flaring exception they would have to shut in production from the wells, possibly resulting in waste of hydrocarbon reserves.

**FINDINGS OF FACT**

1. Proper notice of this hearing was given to all parties entitled to notice at least 10 days prior to the hearing.
2. EOG obtained an administrative permit, (Permit No. 26455), for the VJ Ranch 55-2-14 1H Well. The 1H Well was permitted to flare 500 MCFD of casinghead gas for 90 days, from 04/01/2016 through 06/30/2016.
3. EOG obtained an administrative permit, (Permit No. 26456) for the Link VJ Ranch 55-2-28 1H Well. The 1H Well was authorized to flare 250 MCFD of gas for 90 days, from 10/01/2015 through 05/08/2016.

4. On April 26, 2016 EOG requested a hearing to extend its flaring authority pursuant to Statewide Rule 32.
5. EOG is requesting a two year flare exception from 05/08/2016 through 05/08/2018.
6. EOG Resources, Inc. is requesting a volume of 1,100 mcf/d from the Link VJ Ranch 55-2-14 1H Well and 900 mcf/d from the Link VJ Ranch 55-2-28 1H Well.
7. The two wells are connected to an interruptible pipeline.
8. This system has led to an unreliable sales situation for these wells as they can only flow when pipeline pressures and volumes are low.
9. EOG believes it does not have an economically feasible option for legal disposition of the flared gas at this time.
10. An exception to Statewide Rule 32 to flare casinghead gas will allow EOG to continue to produce from the VJ Ranch 55-2-14 1H Well and the Link VJ Ranch 55-2-28 1H Well.

**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. The requested exception to flare casinghead gas for the two wells from 05/08/2016 through 05/08/2018 meets the requirements of Statewide Rule 32. 16 Tex. Admin. Code § 3.32(h).

**EXAMINERS' RECOMMENDATION**

Based on the above findings of fact and conclusions of law, the Examiners recommend that the Commission grant a two year exception to Statewide Rule 32 for the VJ Ranch 55-2-14 1H Well and the Link VJ Ranch 55-2-28 1H Well as requested by EOG.

Respectfully submitted,



Richard Eyster, P.G.  
Technical Examiner



Jennifer Cook  
Administrative Law Judge