



RAILROAD COMMISSION OF TEXAS HEARINGS DIVISION

OIL AND GAS DOCKET NO. 08-0300431

**THE APPLICATION OF EOG RESOURCES, INC. FOR AN EXCEPTION TO STATEWIDE
RULE 32 TO FLARE GAS FROM THE PAUL 1H WELL, TWO GEORGES (BONE
SPRING) FIELD, WINKLER COUNTY, TEXAS**

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

HEARING DATE: July 12, 2016

CONFERENCE DATE: November 15, 2016

APPEARANCES: **REPRESENTING:**
APPLICANT: EOG Resources, Inc.
John K. Hicks
Eric Burkholder
Douglas Lowrie

EXAMINERS' REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

EOG Resources, Inc., (EOG) seeks an exception to Statewide Rule 32 to Flare Gas from the Paul 1H Well, Two Georges (Bone Spring) Field, Winkler County, Texas for a period of two years. 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. 26226), for the Paul 1H Well which authorized EOG to flare 190 MCFD of gas for 90 days, from 03/01/2016 through 05/31/2016.

On April 26, 2016, EOG requested a hearing to obtain a flaring exception by Final Order.

EOG Resources, Inc. is requesting an Exception to Statewide Rule 32 to Flare Gas from the Paul 1H Well, Two Georges (Bone Spring) Field, Winkler County, Texas. EOG is requesting a two year exception from 05/08/2016 through 05/08/2018 at a volume of 150 mcf/d. EOG stated that the well is connected to Regency Energy's high pressure sales pipeline in the area. The pipeline is at capacity and this well flows 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 a gas sales pipelines approximately .65 miles away, but has not yet contracted with the vendor. The two year flare permit is requested to give EOG time to identify reliable sales options, negotiate the right of way purchase, complete pipeline construction and final hookup from the well to the sales pipeline. Without the flaring exception EOG stated 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. 26226), for the Paul 1H Well. The Paul 1 H Well was permitted to flare 190 MCFD of casinghead gas for 90 days, from 03/01/2016 through 05/31/2016.
3. On April 26, 2016 EOG requested a hearing to extend its flaring authority pursuant to Statewide Rule 32.
4. EOG is requesting a two year flare exception from 05/08/2016 through 05/08/2018.

5. The well is connected to an interruptible pipeline.
6. This system has led to an unreliable sales situation for this well as they can only flow when pipeline pressures and volumes are low.
7. EOG believes it does not have an economically feasible option for legal disposition of the flared gas at this time.
8. An exception to Statewide Rule 32 to flare casinghead gas will allow EOG to continue to produce from the Paul 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 Paul 1H Well 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 Paul 1H Well as requested by EOG.

Respectfully submitted,



Richard Eyster, P.G.
Technical Examiner



Jennifer Cook
Administrative Law Judge