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RANDALL D. COLLINS, *DIRECTOR*

# RAILROAD COMMISSION OF TEXAS

## HEARINGS DIVISION

**OIL AND GAS DOCKET NO. 01-0302995**

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**THE APPLICATION OF CARRIZO (EAGLE FORD) LLC FOR AN EXCEPTION TO STATEWIDE RULE 32 FOR VARIOUS LEASES, VARIOUS WELLS, EAGLEVILLE (EAGLE FORD-1), HAWKVILLE (EAGLEFORD SHALE), AND INDIO TANKS (PEARSALL) FIELDS, LA SALLE, ATASCOSA, FRIO & MCMULLEN COUNTIES, TEXAS**

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**HEARD BY:** Karl Caldwell – Technical Examiner  
Clayton Hoover– Administrative Law Judge

**HEARING DATE:** March 22, 2017  
**RECORD CLOSED:** March 23, 2017  
**CONFERENCE DATE:** May 10, 2017

**APPEARANCES:** **REPRESENTING:**

**APPLICANT:** Carrizo (Eagle Ford) LLC

George Neale  
Rick Johnston  
Dan Petri  
Kimmy Watson

### **EXAMINERS' REPORT AND RECOMMENDATION**

#### **STATEMENT OF THE CASE**

Carrizo (Eagle Ford) LLC ("Carrizo") seeks two-year exceptions to Statewide Rule 32 for various leases and various wells in the Eagleville (Eagle Ford-1), Hawkville (Eagleford Shale), and Indio Tanks (Pearsall) Fields, La Salle, Atascosa, Frio, and McMullen Counties, Texas. Notice of the application was provided to all operators in the subject fields and no protests were received. The application is unprotected, and the Technical Examiner and Administrative Law Judge (collectively, "Examiners") recommend approval of an exception to Statewide 32 for the various leases and various wells as requested by Carrizo.

### 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(j) *Opportunity for hearing* states that an operator may request a hearing on any application for an exception, or exception renewal required by this section. On December 27, 2016, the Commission received a hearing request from Carrizo for an exception to Statewide Rule 32 to extend its existing flaring authority on 43 central processing facility (CPF) flare points which have previously received flaring authority by Final Order (Oil and Gas Docket Nos. 01-0295425 and 01-0301044), and to request a two-year exception for an additional 2 flare points that had previously received administrative flare permits: the Burns Ranch Lease (Permit No. 28304) and the Millet B Unit (Permit No. 27868). Carrizo originally included the Morrill D Unit in its list of facilities for which it was seeking an exception to Statewide Rule 32. Carrizo is no longer seeking an exception for this facility at this time.

Under normal conditions all gas produced from each of the facilities will be sold. However, at times intermittent flaring may be necessary due to operational upset situations. System upset situations arise due to gas pipeline-related issues, including pipeline pressure constraints, and periods when the gas does not meet the pipeline specifications for H<sub>2</sub>S limits, CO<sub>2</sub> limits, or water dew point limits. Operational issues also periodically arise due to compressor downtime.

The existing flaring authority expires on either January 22, 2017 or January 23, 2016 for all facilities except for one, the Millet B Unit. The administrative flaring authority for the Millet B Unit expired on December 11, 2016. Carrizo was previously flaring gas from the Millet B Unit under its administrative permit awaiting connection to a pipeline. The Millet B Unit was connected to a pipeline in early December 2016. Carrizo did not seek an extension of the permit in December since the volume of gas flared was less than the volume requiring an exception pursuant to Statewide Rule 32.

Carrizo is seeking a two-year exception to Statewide Rule 32 from January 23, 2017 to January 22, 2019 for each of the facilities listed in Table 1. The maximum requested daily flare volumes for each facility are also listed in Table 1. Carrizo is requesting to increase its current maximum permitted daily flare volumes for several facilities as more wells are expected to be added to these facilities within the next two years. Carrizo agreed, that, pursuant to the provisions of Texas Government Code §2001.144(a)(4)(A), this Final Order shall be effective on the date a Master Order relating to this Final Order is signed.

Table 1: Summary of Requested Flare Authority

Map ID #	Facility Name	Commingle Permits Or Lease ID No(s).	Current Flare Permit No.	Lat.	Long.	Requested Max. Daily Flare Vol. (Mcf/d)
1	ARNOLD 10 CPF	5472	23951	28.542086	-99.288892	3,000
2	BEAR CLAUSE CPF	5645	23952	28.495890	-99.199980	5,400
3	BOOTH MIDDLETON CPF	5731	23953	28.421250	-99.209645	5,600
4	BROWN TRUST CPF	15756	23954	28.466323	-99.117650	5,500
5	C 4 RANCH CPF	16002	23955	28.464152	-99.038699	100
6	CADENHEAD CPF	17343	23956	28.533664	-99.193811	1,000
7	CRAWFORD CPF	5602	23957	28.635566	-99.192946	2,500
8	FROST BANK CPF	17890	23958	28.627696	-98.789708	1,000
9	GARDENDALE CPF	5543	23959	28.489527	-99.231416	4,500
10	GEBERT MUMME CPF	16818	23960	28.422889	-99.002257	1,000
11	GIERISCH CPF	17545	23961	28.509715	-99.216862	3,000
12	GILBERT LUNA CPF	5688	23962	28.418190	-99.271929	5,500
13	GSH CPF	15642	23963	28.671242	-98.413373	600
14	HARDIN POENISCH CPF	5401	23964	28.642662	-98.455709	2,100
15	IRVIN 10 CPF	17695	23965	28.533556	-99.038241	3,000
16	IRVIN 100 CPF	5517	23966	28.568428	-98.964659	1,800
17	IRVIN 90 CPF	5719	23967	28.564410	-98.972271	5,400
18	JASIK CPF	16622	23968	28.483024	-99.342339	5,000
19	JENNINGS CPF	15873	23969	28.651249	-99.129834	200
20	KOKEL CPF	5823	23970	28.549612	-98.853026	900
21	LAZY SEVEN CPF	5501	23971	28.497216	-98.830735	600
22	LONE OAK CPF	15989	23972	28.404963	-99.058002	250
23	LOS ANGELES CPF	15990	23973	28.459814	-99.001022	250
24	MILLER CPF	5700	23974	28.498530	-98.779507	4,000

25	MUMME 10 CPF	5601	24081	28.406447	-99.031532	1,500
26	MUMME 20 CPF	262592	23976	28.404963	-99.058002	200
27	MUMME 30 CPF	5589	23977	28.392181	-99.041358	1,500
28	MUMME 40 CPF	15385	23978	28.411294	-99.021212	450
29	MUMME 60 CPF	5654	23979	28.392228	-99.060575	750
30	PENA CPF	5835	24082	28.511122	-99.264845	6,650
31	PERRIGO WITHERSPOON CPF	5540	23981	28.599962	-99.158832	4,000
32	PFLUGER CPF	15547	23982	28.392591	-98.994655	2,100
33	PIERCE 10 CPF	260653; 271314; 271315; 274947; 274636	23983	28.341455	-99.098529	2,500
34	PIERCE 20 CPF	265873; 265876	23984	28.321609	-99.099463	1,000
35	RAYES CPF	5400	23985	28.654198	-98.472909	1,050
36	SACHS TRUST CPF	5659	23986	28.418962	-99.219203	1,500
37	SEAL LEHMAN CPF	5646	23987	28.591001	-99.166895	1,000
38	SIEGELE CPF	17266	23988	28.658753	-98.839637	1,000
39	TAG CPF	5402	23989	28.655257	-98.435127	3,270
40	VENADO BROS CPF	5822	23990	28.406711	-99.223526	4,000
41	VESTER CPF	5588	23991	28.321917	-99.295310	500
42	WINFIELD CPF	5516	23992	28.549671	-99.269954	4,800
43	WEST PENA CPF	18138; 18139; 18218; 18301; 16575	27637	28.509160	-99.278930	8,000
44	BURNS RANCH	18854	28304	28.614200	-99.094600	5,000
45	MILLET CPF	18713; 18669	27868	28.584300	-99.210000	5,000

### FINDINGS OF FACT

1. Notice of this hearing was given to operators in the subject fields at least ten days prior to the date of hearing. There were no protests to the application.

2. On December 27, 2016, the Commission received a hearing request from Carrizo for an exception to Statewide Rule 32 for various leases and various wells.
3. Carrizo requests a two-year exception to Statewide Rule 32 commencing on January 23, 2017 for 45 flare points.
4. Under normal circumstances Carrizo will be able to sell the gas. Due to system upsets, intermittent flaring may be necessary.
5. Authority to flare gas at times when the gas cannot be sold will allow Carrizo to continue to produce the wells.
6. Carrizo agreed, that, pursuant to the provisions of Texas Government Code §2001.144(a)(4)(A), this Final Order shall be effective on the date a Master Order relating to this Final Order is signed.

#### CONCLUSIONS OF LAW

1. 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. Title 16, Texas Administrative Code 3.32(h) (4) provides for an exception for more than 180 days and for volumes greater than 50 Mcf per day.
4. Pursuant to §2001.144(a)(4)(A), of the Texas Government Code, and the consent of the applicants, this Final Order is effective when a Master Order relating to this Final Order is signed on May 10, 2017.

#### 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 for the various wells and various leases listed in Table 1 for a period of two years as requested by Carrizo.

Respectfully submitted,



Karl Caldwell  
Technical Examiner



Clayton Hoover  
Administrative Law Judge