



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL & GAS DOCKET NO. 01-0305624

THE APPLICATION OF EOG RESOURCES, INC. FOR AN EXCEPTION TO STATEWIDE RULE 32 FOR THE ALTON UNIT (LEASE NO. 09910) IN THE EAGLEVILLE (EAGLE FORD-2) FIELD, AND THE MATTERHORN UNIT (LEASE NO. 11308), IN THE SUGARKANE (AUSTIN CHALK) FIELD, KARNES COUNTY, TEXAS

HEARD BY: Paul Dubois – Technical Examiner
Clayton J. Hoover – Administrative Law Judge

HEARING DATE: August 9, 2017

CONFERENCE DATE: September 19, 2017

APPEARANCES:

APPLICANT:

Doug Dashiell
Jeremy Montanez

REPRESENTING:

EOG Resources, Inc.

EXAMINERS' REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Pursuant to Statewide Rule 32 (16 Tex. Admin. Code §3.32), EOG Resources, Inc. ("EOG") seeks authority to flare casinghead gas from its Alton Unit (Lease No. 09910) in the Eagleville (Eagle Ford-2) Field and the Matterhorn Unit (Lease No. 11308) in the Sugarkane (Austin Chalk) Field, through a single flare point (Permit No. 28291), in Karnes County, Texas. Most of the gas (99 percent) produced on the units is gathered and sold. From time to time, EOG experiences the need to flare gas on an intermittent basis due to facility or transmission system constraints. Therefore, EOG is requesting authority to flare up to 2,500 thousand cubic feet ("mcf") of gas per month (about 83 mcf per day) for a period of two years, through June 30, 2019. The application was not protested. The Examiners recommend an exception to Statewide Rule 32 be granted to EOG as requested.

EOG requests an exception to Statewide 32 to flare 2,500 mcf of gas per month through June 30, 2019. Generally, Statewide Rule 32 governs the utilization for legal

purposes of natural gas produced under the jurisdiction of the Railroad Commission. EOG seeks relief in the captioned dockets pursuant to Statewide Rule 32(f)(2)(D), as follows:

The commission or the commission's delegate may administratively grant or renew an exception to the requirements of limitations of this subsection subject to the requirements of subsection (h)...if the operator of a well or production facility presents information to show the necessity for the release...

Statewide Rule 32(h)(4) states:

Requests for exceptions for more than 180-days and for volumes greater than 50 mcf of hydrocarbon gas per day shall be granted only in a final order signed by the commission.

Because EOG requests exceptions for more than 180 days and to flare more than 50 mcf of hydrocarbon gas per day, the procedure to address EOG's request for an exception is through a hearing resulting in a final order signed by the Commission.

FINDINGS OF FACT

1. Notice of this hearing was given to all parties entitled to notice at least ten days prior to the date of the hearing.
2. EOG Resources, Inc. operates 13 wells on its Alton Unit (Lease No. 09910) in the Eagleville (Eagle Ford-2) Field and the Matterhorn Unit (Lease No. 11308) in the Sugarkane (Austin Chalk) Field, in Karnes County, Texas.
3. The Alton and Matterhorn Unit wells currently produce about 18,000 mcf gas per day, and have produced as much as 24,000 mcf gas per day.
4. More wells are planned for both units.
5. The Alton and Matterhorn Units share a surface facility, which is connected to a gas sales pipeline.
6. About 99 percent of the produced gas is routinely sold.
7. On occasion, EOG's gathering system experiences upset conditions or line capacity limitations that necessitate flaring of excess produced gas.
8. EOG has obtained administrative authority to flare up to 500 mcf gas per day from the units, which share a common flare point (Permit No. 28291), from October 14, 2016 through June 29, 2017.

9. On June 27, 2017, EOG requested a hearing to extend the flaring authority.
10. EOG requests authority to flare 2,500 mcf of gas per month (about 83 mcf per day) from the units as needed on an emergency basis for a period of two years.
11. An exception to flare the excess gas will enable EOG to continue to produce liquid hydrocarbons from the Alton and Matterhorn Units.
12. At the hearing, the applicant agreed on the record that a Final Order in this case is to be effective when the Master Order is signed.

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. All notice requirements have been satisfied. 16 Tex. Admin. Code §§1.43 and 1.45.
3. The requested authority to flare casinghead gas satisfies the requirements of Title 16, Texas Administrative Code 3.32(h).
4. Pursuant to §2001.144(a)(4)(A), of the Texas Government Code, and the agreement of the applicant, this Final Order is effective when a Master Order relating to this Final Order is signed on September 19, 2017.

EXAMINERS' RECOMMENDATION

The Examiners recommend approval of the application of EOG Resources, Inc. for an exception to Statewide Rule 32 for the Alton Unit (Lease No. 09910) in the Eagleville (Eagle Ford-2) Field and the Matterhorn Unit (Lease No. 11308) in the Sugarkane (Austin Chalk) Field, through a single flare point (Permit No. 28291), in Karnes County, Texas.

Respectfully submitted,



Paul Dubois
Technical Examiner



Clayton J. Hoover
Administrative Law Judge