



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL AND GAS DOCKET NO. 01-0305889

THE APPLICATION OF CARRIZO (EAGLE FORD) LLC FOR AN EXCEPTION TO STATEWIDE RULE 32 FOR VARIOUS LEASES, VARIOUS WELLS IN THE EAGLEVILLE (EAGLE FORD-1) FIELD, FRIO, LA SALLE, AND MCMULLEN COUNTIES, TEXAS

HEARD BY: Karl Caldwell – Technical Examiner
Jennifer Cook – Administrative Law Judge

HEARING DATE: August 31, and November 17, 2017
RECORD CLOSED: November 17, 2017
CONFERENCE DATE: January 23, 2018

APPEARANCES: **REPRESENTING:**

APPLICANT: Carrizo (Eagle Ford) LLC

George Neale
Rick Johnston
Dan Petri

EXAMINERS' REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Carrizo (Eagle Ford) LLC ("Carrizo") request Statewide Rule 32 exception renewals for various leases, various wells in the Eagleville (Eagle Ford-1) Field, Frio, La Salle, and McMullen Counties, Texas. Notice of the application was provided to current operators in the field and no protests were received. The application is unopposed, and the Technical Examiner and Administrative Law Judge (collectively, "Examiners") recommend approval of Statewide Rule 32 exception renewals for various leases, 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 July 14, 2017, the Commission received a hearing request from Carrizo to extend its current Statewide Rule 32 exceptions for a total of 35 flare points which have previously received administrative flaring authority (Appendix A). The existing flaring authority for all 35 flare points is due to expire on August 6, 2017. For each application, Carrizo requests to extend the current Statewide Rule 32 exception for a period of two years, for the maximum daily volumes as listed in Appendix A.

Under normal conditions, all gas produced from these wells will be sold. 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 H₂S limits, CO₂ limits, or water dew point limits. Operational issues also periodically arise due to compressor downtime.

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.

FINDINGS OF FACT

1. Notice of this hearing was given to current operators in the subject field at least ten days prior to the date of hearing. There were no protests to the application.
2. On July 14, 2017, the Commission received a hearing request from Carrizo for an exception to Statewide Rule 32 for various wells.
3. Carrizo requests an exception to Statewide Rule 32 for a period of two years for a total of 35 flare points.
4. The existing flaring authority for all 35 flare points expires August 6, 2017.
5. Under normal circumstances Carrizo will be able to sell the gas. Due to system upsets, intermittent flaring may be necessary.
6. Authority to flare gas at times when the gas cannot be sold will allow Carrizo to continue to produce the wells.
7. 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 applicant, this Final Order is effective when a Master Order relating to this Final Order is signed on January 23, 2018.

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 from August 7, 2017 to August 6, 2019 for the 35 flare points listed in Appendix A as requested by Carrizo.

Respectfully submitted,



Karl Caldwell
Technical Examiner



Jennifer Cook
Administrative Law Judge

APPENDIX A

<u>FLARE POINT #</u>	<u>FLARE PERMIT ID</u>	<u>Wells / Pads</u>	<u>Facility Name</u>	<u>COMMINGLE PERMIT</u>	<u>LEASE ID</u>	<u>MAX DAILY MCF FLARED</u>
1	29456	Krawetz Ranch A Unit A 1H	KRAWETZ FACILITY		16068	100
2	29748	Wright Ranch A 1H Wright Ranch A 2H Wright Ranch B 3H Wright Ranch B 4H Wright Ranch B 8H Wright Ranch C 5H Wright Ranch C 7H Wright Ranch D 6H	WRIGHT RANCH FACILITY		15655 15655 15655 15655 15655 15655 15655 15655	600
3	29809	Cobra 1H Cobra 5H Cobra 6H GRAN TORINO A 17H	COBRA 1 FACILITY		15782 15782 15782 16708	500
4	29810	Cobra B 1H	COBRA B FACILITY		16349	500
5	29811	Mustang 12H Mustang 13H Mustang 14H	MUSTANG 1 FACILITY		16408 16408 16408	500

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		Mustang 1H			16408	
6	29812	Mustang 2H	MUSTANG 2 FACILITY		16408	500
7	29813	Mustang 3H	MUSTANG 3 FACILITY		16408	500
8	29814	Corvette C 1H	CORVETTE C1 FACILITY		16641	500
9	29815	Gran Torino A 1H	GRAN TORINO A1 FACILITY		16708	500
10	29816	Gran Torino A 11H	GRAN TORINO A11 FACILITY		16708	500
11	29817	Stingray A 1H Stingray A 2H Stingray A 3H Stingray A 4H	STING RAY 1 FACILITY		16983 16983 16983 16983	500
12	29818	Stingray A 12H Stingray A 8H	STING RAY 8 FACILITY		16983 16983	500
13	29819	Corvette A 1H Corvette A 2H Corvette A 3H	CORVETTE A/C FACILITY		17018 17018 17018	500

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13		Corvette A 4H Corvette A 5H Corvette A 6H Corvette C 2H Corvette C 3H Corvette C 4H Corvette C 5H Corvette C 6H			17018 17018 17018 16641 16641 16641 16641 16641	
14	29820	Camaro B 3H Camaro B 4H	CAMARO B FACILITY		17099 17099	500
15	29821	Camaro A 1H Camaro A 2H Camaro A 5H Camaro A 6H Camaro A 7H	CAMARO A1 FACILITY		17323 17323 17323 17323 17323	500
16	29822	Shelby C 1H Shelby C 6H	SHELBY C1 FACILITY		18426 18426	500
17	29925	Cenizo Ranch A 1H Cenizo Ranch A 2H Cenizo Ranch B 3H Cenizo Ranch B 4H	CENIZO RANCH FACILITY		15636 15636 15636 15636	600

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18	29926	RB Avant A 1H RB Avant A 2H RB Avant B 3H RB Avant B 4H	RB AVANT FACILITY		15733 15733 15733 15733	200
19	29927	Hardin A 2H Hardin B 3H	HARDIN FACILITY		15828 15828	200
20	29928	Harper Ranch B 2H	HARPER FACILITY		15968	150
21	29929	Talbutt Trust A 1H Talbutt Trust A 2H Talbutt Trust B 3H Talbutt Trust B 5H Talbutt Trust C 6H Talbutt Trust C 4H	TALBUTT TRUST FACILITY	5704	15514 15514 15514 15514 17991 17352	1000
22	29930	Bridwell 2H Bridwell 3H Bridwell 4H Bridwell 5H	BRIDWELL FACILITY	5556	15457 15457 15457 15457	800
23	29931	Rathjen A 1H	RATHJEN FACILITY	5556	15801	1000

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23		Rathjen A 2H			15801	
		Rathjen A 3H			15801	
		Rathjen A 4H			15801	
		Rathjen B 1H			15788	
		Rathjen C 1H			16548	
		Rathjen C 2H			16548	
24	29932	JLH LIC A 1H	JLH LIC A FACILITY	5556	15885	500
		JLH LIC A 2H			15885	
		JLH LIC A UNIT 15H			15885	
		JLH LIC A UNIT 16H			15885	
25	29933	JLH LIC B Unit B 3H	JLH LIC B FACILITY	5556	16091	400
		JLH LIC F Unit B 7H			17007	
26	29934	JLH LIC C UNIT C 4H	JLH LIC C FACILITY	5556	16152	300
		JLH LIC E UNIT C 6H			16975	
27	29935	JLH LIC D Unit 11H	JLH LIC D FACILITY	5556	16254	750
		JLH LIC D Unit 12H			16254	
		JLH LIC D Unit D 5H			16254	
		JLH LIC D Unit D 9H			16254	
		JLH LIC G Unit 13H			16927	
		JLH LIC G Unit 14H			16927	
		JLH LIC G Unit D 10H			16927	

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27		JLH LIC G Unit D 8H			16927	
28	29936	Garza A 1H Garza A 2H	GARZA A FACILITY	5556	16329 16329	300
29	29937 29937 29937	Smith A 1H Smith A 2H Smith A 4H	SMITH A FACILITY	5556	16388 16388 16388	350
30	29938 29938 29938	Smith B 1H Smith B 2H Smith B 3H	SMITH B FACILITY	5556	16389 16389 16389	450
31	29939 29939 29939 29939 29939	Liberatore C 1H Liberatore C 2H Liberatore B 1H Liberatore B 2H Liberatore B 3H	LIBERATORE B FACILITY	5556	16552 16552 16403 16403 16403	1000
32	29940	Liberatore A 1H	LIBERATORE A FACILITY	5556	16552	600
33	29941	Barger A 1H	BARGER FACILITY	5556	16648	350
34	29942	Garza B 1H	GARZA B FACILITY	5556	16824	450

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34		Garza B 2H Garza B 3H			16824 16824	
35	29943	Scott Schulze A 1H	SCHULZE FACILITY		16049	150