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RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL & GAS DOCKET NO. 02-0307812

THE APPLICATION OF EOG RESOURCES, INC. FOR AN EXCEPTION TO STATEWIDE RULE 32 FOR THE IKE/DOC UNIT (10887 & 10895), EAGLEVILLE (EAGLE FORD-2) FIELD, KARNES COUNTY, TEXAS

HEARD BY: Peggy Laird, P.G. – Technical Examiner
Ryan Lammert – Administrative Law Judge

HEARING DATE: December 18, 2017

CONFERENCE DATE: February 27, 2018

APPEARANCES:

REPRESENTING:

APPLICANT:

Doug Dashiell
Jeremy Montanez

EOG Resources, Inc.

EXAMINERS' REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

EOG Resources, Inc. ("EOG") seeks an exception to 16 Tex. Admin. Code §3.32 (Statewide Rule 32) for the Ike/Doc Unit (10887 & 10895) (the "Unit"), in the Eagleville (Eagle Ford-2) Field, Karnes County, Texas. EOG seeks authority to flare up to 275 thousand cubic feet of casinghead gas per day ("MCFD") from November 9, 2017 through February 1, 2018. The wells share a single flare point. The gas produced contains high amounts of hydrogen sulfide ("H₂S") and must be treated before sales. Prior to May 2016, EOG had treated and sold the gas. Since May 2016, EOG has been flaring the gas because it was not economically viable to sell. Recently, the EOG facility engineer evaluated the current market, and determined it had become economically favorable. EOG plans to connect the Ike/Doc Unit to sales by February 1, 2018 and requests the

flaring authority until the connection is complete. The application was not protested. The Technical Examiner and Administrative Law Judge ("Examiners") recommend the exception be granted.

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 docket 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 an exception for more than 180 days and to flare more than 50 mcf of casinghead 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. The Ike Unit, Well No. 1H (API 42-255-33347) was completed in the Eagleville (Eagle Ford-2) Field on June 10, 2014. The Doc Unit, Well No. 1H (API 42-255-33349) was completed in the Eagleville (Eagle Ford-2) Field on June 28, 2014.
3. Both wells are located 1.2 miles northwest of Gillett, near County Road 277.
4. On initial potential testing, the Ike Unit, Well No. 1H produced 1,888 barrels of oil and 879 MCF gas for a gas-oil ratio of 465 standard cubic feet per barrel of oil.
5. On initial potential testing, the Doc Unit, Well No. 1H produced 1,966 barrels of oil and 821 MCF gas for a gas-oil ratio of 417 standard cubic feet per barrel of oil.
6. EOG received administrative authority (Permit No. 30579) to flare up to 250 MCFD from May 12, 2017 through August 10, 2017. EOG continued their authority to flare up to 200 MCFD from August 11, 2017 through November 9, 2017.
7. Both wells share a single flare point at the Unit.

8. On November 8, 2017, EOG requested a hearing to obtain continued authority to flare gas from the Unit.
9. EOG seeks authority to flare up to 275 MCFD from November 9, 2017 through February 1, 2018, when connection to sales should be complete.
10. At the hearing, the applicant agreed on the record that the Final Order in this case is to be effective when the Master Order is signed.

CONCLUSIONS OF LAW

1. All things have occurred and been accomplished to give the Commission jurisdiction in this matter. Tex. Nat. Res. Code § 81.051.
2. All notice requirements have been satisfied. 16 Tex. Admin. Code § 1.42.
3. The requested authority to flare casinghead gas satisfies the requirements of Statewide Rule 32. 16 Tex. Admin. Code § 3.32 (h).
4. Pursuant to § 2001.144(a)(4)(A) of the Texas Government Code and the agreement of the applicant, the Final Order is effective when a Master Order relating to the Final Order is signed on February 27, 2018.

EXAMINERS' RECOMMENDATION

The Examiners recommend approval of the application of EOG Resources, Inc. for an exception to Statewide Rule 32 for the Ike/Doc Unit (10887 & 10895), in the Eagleville (Eagle Ford-2) Field, Karnes County, Texas.

Respectfully submitted,



Peggy Laird, P.G.
Technical Examiner



Ryan Lammert
Administrative Law Judge