



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL AND GAS DOCKET No. 02-0309486

THE APPLICATION OF DEVON ENERGY PRODUCTION CO L.P. (216378) FOR AN EXCEPTION TO STATEWIDE RULE 32 FOR THE STEINMANN A LEASE, WELL NOS. 1H & 2H, DE WITT (EAGLE FORD SHALE) FIELD, DE WITT COUNTY, TEXAS

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

HEARING DATE: May 15, 2018
CONFERENCE DATE: August 21, 2018

APPEARANCES: **REPRESENTING:**

APPLICANT:

Olga Kobzar
Dan McCorkell
Devon Energy Production CO L.P.

EXAMINERS' REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Devon Energy Production Co, L.P. (Devon) seeks a Statewide Rule 32 exception renewal for the Steinmann A Lease, Well Nos. 1H & 2H, De Witt (Eagle Ford Shale) Field in De Witt County. Notice of the application was provided to offset operators. The application is unopposed and the Technical Examiner and Administrative Law Judge (collectively, "Examiners") recommend approval of the application.

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), titled *Opportunity for hearing*, states that an operator may request a hearing on any application for an exception, or exception renewal required by this section. The Commission received a hearing request for a Statewide Rule 32 exception renewal for the Steinmann A Lease, Well Nos. 1H & 2H on February 16, 2018. Devon was granted

a two-year flare permit in Final Order No. 02-0299721, effective March 15, 2016 through March 15, 2018, to flare a maximum of 225 Mcfd for the subject lease due to the unavailability of a pipeline.

When Devon originally drilled and completed these wells they were connected to a pipeline, however the pipeline experienced a pipeline failure. The pipeline operator attempted to address the issue but was unavailable to correct the problem. Ultimately, the pipeline operator decided to take the pipeline out of service. The most cost-effective option for a pipeline connection would be a route approximately 2,677 feet in length. However, the cost of building a line to connect to this pipeline is uneconomic given the volume of gas produced. Devon is requesting to renew the current exception to Statewide Rule 32 for the subject lease for a period of two years (March 16, 2018 to March 16, 2020), to flare a maximum of 150 Mcfd.

For the application, Devon agreed, that, pursuant to the provisions of Texas Government Code §2001.144(a)(4)(A), the Final Orders shall be final and effective on the date a Master Order relating to this Final Order is signed.

FINDINGS OF FACT

1. Notice of this application and notice of hearing was provided to offset operators at least ten days prior to the date of hearing. The application is unprotested.
2. The Commission received a hearing request for a Statewide Rule 32 exception renewal for the Steinmann A Lease, Well Nos. 1H & 2H on February 16, 2018.
3. Devon was granted a two-year flare permit in Final Order No. 02-0299721, effective March 15, 2016 through March 15, 2018, to flare a maximum of 225 Mcfd for the subject lease due to the unavailability of a pipeline.
4. Devon is requesting to renew the current exception to Statewide Rule 32 for the subject lease for a period of two years (March 16, 2018 to March 16, 2020), to flare a maximum of 150 Mcfd.
 - a. When Devon originally drilled and completed these wells they were connected to a pipeline.
 - i) The pipeline experienced a pipeline failure.
 - ii) The pipeline operator attempted to address the issue but was unavailable to correct the problem.
 - iii) Ultimately, the pipeline operator decided to take the pipeline out of service.

- b. The most cost-effective option for a new pipeline connection would be a route approximately 2,677 feet in length. The cost of building a line to connect to this pipeline is uneconomic given the volume of gas produced.
- 5. For the application, Devon agreed, that, pursuant to the provisions of Texas Government Code §2001.144(a)(4)(A), these Final Orders shall be final and effective on the date a Master Order relating to these Final Orders 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) provides for an exception to Statewide Rule 32.
- 4. Pursuant to §2001.144(a)(4)(A), of the Texas Government Code, and the agreement of the applicant, the Final Order is final and effective when a Master Order relating to this Final Order is signed.

EXAMINERS' RECOMMENDATION

Based on the above findings of fact and conclusions of law, the Examiners recommend that the Commission grant a Statewide Rule 32 exception renewal for the Steinmann A Lease, Well Nos. 1H & 2H, for a period of two years (March 16, 2018 to March 16, 2020), to flare a maximum of 150 Mcfd.

Respectfully submitted,



Karl Caldwell
Technical Examiner



Clayton Hoover
Administrative Law Judge