



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL & GAS DOCKET NO. 01-0316357

THE APPLICATION OF CARRIZO (EAGLE FORD-1) LLC (135316) FOR AN EXCEPTION TO STATEWIDE RULE 32 FOR VARIOUS LEASES, VARIOUS WELLS IN THE EAGLEVILLE (EAGLE FORD-1) (27135700) FIELD, ATASCOSA, LA SALLE, AND MCMULLEN COUNTIES, TEXAS

HEARD BY: Richard Eyster, P. G. – Technical Examiner
Lynn Latombe – Administrative Law Judge

HEARING DATE: January 18, 2019

APPEARANCES:

APPLICANT: Carrizo (Eagle Ford-1) LLC

George C. Neale
Rick Johnston, P.E.
Kimmy Watson

EXAMINERS' REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Pursuant to Statewide Rule 32 (16 Tex. Admin. Code §3.32) Carrizo (Eagle Ford-1) LLC ("Carrizo") requests an exception to flare casinghead gas ("gas") from twenty-four (24) discrete central production facilities ("CPF") in the Eagleville (Eagle Ford-1) Field in Atascosa, La Salle and McMullen Counties, Texas. Notice was provided to all operators in the Ford, West (Wolfcamp) Field. No protests were received. The Technical Examiner and Administrative Law Judge (collectively, "Examiners") recommend the exception be granted.

DISCUSSION OF THE EVIDENCE

Statewide Rule 32 governs the utilization of gas well gas and casinghead gas produced by oil and gas wells under the jurisdiction of the Railroad Commission of Texas

("Commission"). Specifically, Rule 32(h) provides that an exception to flare natural gas in volumes greater than 50 thousand cubic feet per day ("MCF/D") per oil lease or commingle point may be granted administratively for a period up to 180 days. Beyond that, Statewide Rule 32(h) provides that exceptions shall be granted only in a final order signed by the Commission. Therefore, Carrizo is requesting an exception to flare casinghead gas produced from flare points on an intermittent basis as provided by Statewide Rule 32(h). Carrizo had previously received approval for flaring exceptions for 43 central processing facilities from this docket in Docket No. 01-0302995, but many of those wells have been sold to other operators. Carrizo is therefore applying for a total of 24 flare points, which are located in a four-county area in the Eagle Ford Shale region. Of those 24 CPFs, 23 of them are renewals, and one CPF, the Brown Trust 90 CPF, has exhausted its administrative exception. Carrizo therefore seeks an exception by final order for all 24 flare points.

A summary of the volumes and start/end date for the 24 flare points which are the subject of this hearing is attached as Appendix A.

The requested maximum daily flare volumes range from 200 MCF/D to 10,000 MCF/D, and while each of CPFs are connected to pipelines, Carrizo has found that occasional flaring is necessary due to operational upsets, such as the following: high gas pipeline pressure, rejection by the pipeline via slam valves when the market gas does not meet pipeline spec profile, abnormally low or high suction pressure, high liquid scrubber levels, compressor valve issues, improper coolant levels, compressor loss, excessive hydrates, excessive vibration or overspeed by engines or compressors, load control, and electrical control system failure. Carrizo is selling the majority of the gas it produces at the subject facilities, and it has taken several steps to mitigate the need to flare the gas. However, it believes the requested exception to flare is necessary due to continued capacity issues, as well as the aforementioned non-routine issues.

The existing flaring authority for the 23 renewal CPFs expired on January 22, 2019. The administrative flaring authority for the Brown Trust 90 CPF expired on November 4, 2018. On November 6, 2018, the Commission received a request for hearing from Carrizo to extend its current flaring exceptions. Because the Brown Trust 90 CPF had not fully utilized all of its allotted flaring days, Carrizo prepared and submitted a late-filed exhibit showing that the Commission had granted an administrative extension of the flaring exception. The expiration date for the Brown Trust 90 CPF was extended until January 18, 2019, making the request for hearing timely.

For the 23 renewal CPFs, Carrizo requests to extend the current Statewide Rule 32 exception for a period of two years, from January 23, 2019, to January 23, 2021 for the maximum daily volumes listed in Appendix A.

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

FINDINGS OF FACT

1. Notice of this hearing was given to all operators in the Eagleville (Eagle Ford-1) Field at least ten days prior to the date of the hearing. There were no protests to the application.
2. On November 6, 2018, the Commission received a request for hearing from Carrizo to extend its current flaring exceptions.
3. The wells in the subject application are completed in the Eagleville (Eagle Ford-1) Field, in Atascosa, La Salle and McMullen Counties, Texas.
4. Carrizo requests an exception to Statewide Rule 32 for a period of two years for a total of 24 flare points.
5. The subject leases, tank batteries, and central processing facilities are currently connected to a gas gathering system.
6. Carrizo is selling the majority of the gas it produces at the subject facilities, and it has taken steps to mitigate the need to flare the gas. However, the exception to Rule 32 is necessary due to multiple continuing issues.
7. Carrizo agreed that pursuant to the provisions of Texas Government Code §2001.144(a)(4)(A), the Final Order in this matter shall be effective on the date a Master Order relating to the Final Order in this matter 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 volume greater than 50 MCFD.
4. Pursuant to Texas Government Code §2001.144(a)(4)(A), this Final Order is effective on the date 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 approval of the requested exception to Statewide Rule 32 for the twenty-four (24) flare points for the time durations set forth in Appendix A, and in the attached order, as requested by Carrizo (Eagle Ford-1) LLC.

Respectfully submitted,



Richard Eyster, P.G.
Technical Examiner



Lynn Latombe
Administrative Law Judge

APPENDIX A

Permit #	Lease Drilling Permit Commingle Permit Plant # / RRC ID	Lease Name or Facility/Flare Point Name	Permit Start Date	Permit End Date	Maximum Flare Volume (MCF/Day)	Additional Information/Notes (i.e. Well Nos., Lat/Long, etc.)
23951	5472	Arnold 10 CPF	1/23/19	1/23/21	5,500	28.542086 N -99.288892 W
23952	5645	Bear Clause CPF	1/23/19	1/23/21	5,400	28.495890 N -99.199980 W
23954	15756	Brown Trust CPF	1/23/19	1/23/21	9,500	28.466323 N -99.117650 W
23956	17343	Cadenhead CPF	1/23/19	1/23/21	1,000	28.533664 N -99.193811 W
23957	5602	Crawford CPF	1/23/19	1/23/21	2,500	28.635566 N -99.192946 W
23959	5543	Gardendale CPF	1/23/19	1/23/21	5,500	28.489527 N -99.231416 W
23961	17545	Gierisch CPF	1/23/19	1/23/21	3,000	28.509715 N -99.216862 W
23963	5996	GSH CPF	1/23/19	1/23/21	5,600	28.671242 N -98.413373 W
23964	5401	Hardin Poenisch CPF	1/23/19	1/23/21	2,100	28.642662 N -98.455709 W
23965	17695	Irvin 10 CPF	1/23/19	1/23/21	5,000	28.533556 N -99.038241 W
23966	5517	Irvin 100 CPF	1/23/19	1/23/21	5,000	28.568428 N -98.964659 W
23967	5719	Irvin 90 CPF	1/23/19	1/23/21	5,400	28.564410 N -98.972271 W
23968	16622	Jasik CPF	1/23/19	1/23/21	5,000	28.483024 N -99.342339 W
23969	15873	Jennings CPF	1/23/19	1/23/21	200	28.651249 N -99.129834 W
23981	5540	Perrigo Witherspoon CPF	1/23/19	1/23/21	4,000	28.599962 N -99.158832 W
23985	5400	J Rayes CPF	1/23/19	1/23/21	7,700	28.654198 N -98.472909 W
23987	5646	Seal Lehman CPF	1/23/19	1/23/21	6,000	28.591001 N -99.166895 W
23989	5402	Tag CPF	1/23/19	1/23/21	3,270	28.655257 N -98.435127 W
23992	5516	Winfield CPF	1/23/19	1/23/21	4,800	28.549671 N -99.269954 W
24082	5835	Pena CPF	1/23/19	1/23/21	8,000	28.511122 N -99.264845 W
27637	5890	West Pena CPF	1/23/19	1/23/21	8,000	28.50916 N -99.27893 W
27868	5985	Millet CPF	1/23/19	1/23/21	5,000	28.5843 N -99.2100 W
28304	18854	Burns Ranch CPF	1/23/19	1/23/21	5,000	28.6142 N -99.0946 W
34096	6086	Brown Trust 90 CPF	1/18/19	1/18/21	10,000	28.476757 N -99.084491 W