

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

OIL AND GAS DOCKET NO. 02-0317834

**APPLICATION OF EOG RESOURCES, INCORPORATED (253162) FOR AN
EXCEPTION TO STATEWIDE RULE 32 FOR THE LEE UNIT (10893) LEASE,
EAGLEVILLE (EAGLE FORD-2) FIELD, KARNES COUNTY, TEXAS**

FINAL ORDER

The Railroad Commission of Texas ("Commission") finds that after notice in the above-docketed case was provided to all parties entitled to notice, a hearing was heard on April 11, 2019 by a Commission Technical Examiner and Administrative Law Judge. This proceeding was duly submitted to the Commission at a conference held in its offices in Austin, Texas. After considering this matter, the Commission adopts the following findings of fact and conclusions of law.

Findings of Fact

1. EOG Resources, Incorporated ("EOG" or "Applicant") (253162) seeks a two-year exception to 16 Tex. Admin. Code § 3.32 ("Statewide Rule 32") for authority to flare a maximum of 65 thousand cubic feet per day ("Mcf/d") with a maximum volume of 2,000 thousand cubic feet per month ("Mcfm") of casinghead gas from January 25, 2019 to January 24, 2021, from the Lee Unit (10893) flare point for the Eagleville (Eagle Ford-2) Field (Field No. 027135750), Karnes County, Texas.
2. EOG submitted a request for hearing for the Statewide Rule 32 exception on January 23, 2019.
3. EOG was initially granted an administrative exception to Statewide Rule 32 to flare a maximum casinghead gas volume of 75 Mcfd from the Lease for a 180-day period. This administrative flaring authority (Permit No. 19046) expired on January 24, 2015.
4. After the administrative authority expired on January 25, 2015, EOG requested and received flaring authority through two Final Order under Oil and Gas Docket No. 02-0294925 expiring on January 24, 2017; and Oil and Gas Docket No. 02-0302477, expiring January 24, 2019. The Oil and Gas Dockets authorized the maximum casinghead gas volume of 75 Mcfd, consistent with the initial request under the 180-day administrative exception.
5. On March 20, 2019, the Hearings Division of the Commission sent a Notice of Hearing ("Notice") to the Applicant and offsetting operators in the field setting a hearing date of April 11, 2019. Consequently, the parties received more than 10 days' notice. The Notice contains (1) a statement of the time, place, and nature of

- the hearing; (2) a statement of the legal authority and jurisdiction under which the hearing is to be held; (3) a reference to the particular sections of the statutes and rules involved; and (4) a short and plain statement of the matters asserted.
6. The hearing was held on April 11, 2019, as noticed. Applicant appeared and participated at the hearing. No one appeared in protest.
 7. A gas pipeline to take the Lease casinghead gas is unavailable. The nearest sales connection to the well is approximately 1.34 mile from the Lease.
 8. An economic analysis and production forecast for a proposed pipeline route from the Lease to its nearest sales connection suggest building a sales line is uneconomic. The cost estimate to connect to the sales line is \$750,400 and to treat the gas for elevated hydrogen sulfide (H₂S) is \$130,000. The sales line and treatment exceeds the gas revenue from the Lease's remaining reserves, making it uneconomical to construct the pipeline from the Lease to the sales connection.
 9. Based on a production rates, the estimated volume of casinghead gas to be flared would be a maximum of 65 Mcfd with a maximum volume of 2,000 Mcfm.
 10. The requested Statewide Rule 32 exception to flare casinghead gas is necessary for EOG to produce the recoverable oil from the Lease.
 11. At the hearing, EOG agreed on the record that the Final Order in this docketed case, is to be final and effective when a Master Order relating to this Final Order is signed.

Conclusions of Law

1. Proper notice was issued to persons entitled to notice. *See, e.g.,* Tex. Gov't Code § 2001.051; 16 Tex. Admin. Code §§ 1.42, 1.45.
2. The Commission has jurisdiction in this case. *See, e.g.,* Tex. Nat. Res. Code § 81.051.
3. Statewide Rule 32 requires gas to be utilized for purposes and uses authorized by law unless authorized. 16 Tex. Admin. Code § 3.32(b).
4. Statewide Rule 32 provides exceptions allowing the flaring of gas if certain requirements are met and the flaring is necessary. *See, e.g.,* 16 Tex. Admin. Code § 3.32(f), (h).

5. EOG meets the requirements in Statewide Rule 32 to flare a daily maximum volume of 65 Mcfd of casinghead gas and the flaring of such gas is necessary to recover the oil.
6. Pursuant to the provisions of Texas Government Code §2001.144(a)(4)(A), this Final Order can be final and effective on the date a Master Order relating to this Final Order is signed.

Ordering Provisions

It is **ORDERED** that EOG Resources, Incorporated be granted a two-year exception to Statewide Rule 32 for the Lee Unit (10893), Eagleville (Eagle Ford-2) Field, Karnes County, Texas. EOG request authority to flare a daily maximum of 65 Mcfd with a monthly limit of 2,000 Mcfm of casinghead gas from the Lease from January 25, 2019 to January 24, 2021, as reflected in attached Attachment A, is **APPROVED**.

This authority is granted, provided all production is reported on the appropriate Commission forms. EOG shall file the Statewide Rule 32 Exception Data Sheet and, shall file at the same time, the required fee for a Statewide Rule 32 exception for each individual flare point on the Lease. See 16 Tex. Admin. Code § 3.32(h)(1).

Pursuant to § 2001.144(a)(4)(A) of the Texas Government Code and the agreement of the parties in writing or on the record, **the parties have waived the right to file a motion for rehearing and the Final Order in this case is final and effective on the date the Master Order relating to the Final Order is signed.**

Signed on August 20, 2019

RAILROAD COMMISSION OF TEXAS

**(Order approved and signatures affixed by
Hearings Division's Unprotested Master
Order dated August 20, 2019)**

ATTACHMENT A – FLARE EXCEPTION AUTHORITY

Permit No.	Commingle Permit No. or Lease No. (If Applicable)	Lease Name, Individual Flare Stacks	Permit Start Date (1)	Permit End Date	Maximum Flare Volume (Mcf) & (Mcfm)	Casinghead Gas or Gas Well Gas
19046	Lease No. 10893	Lee Unit Facility	1/25/2019	1/25/2021	65 Mcfd 2,000 Mcfm	Casinghead Gas

Note: Mcfd = Thousand Cubic Feet Per Day

Mcfm = Thousand Cubic Feet Per Month