

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

OIL AND GAS DOCKET NO. 01-0320002

APPLICATION OF EOG RESOURCES, INC. (253162) FOR AN EXCEPTION TO STATEWIDE RULE 32 FOR THE WLS (18005) AND MERLIN (18007) UNITS, EAGLEVILLE (EAGLE FORD-1) FIELD, LA SALLE 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 held on July 30, 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, Inc. ("EOG" or "Applicant") seeks a two-year exception to Statewide Rule 32 ("Statewide Rule 32") for authority to flare a maximum of 200 thousand cubic feet per day ("Mcf/d"), limited to 6,000 thousand cubic feet per month ("Mcfm"), of casinghead gas from May 2, 2019, to April 30, 2021, from the flare stack located at the WLS (18005) Unit and Merlin (18007) ("Leases") dual facility ("Facility"), in the Eagleville (Eagle Ford-1) Field, La Salle County, Texas.
2. EOG submitted a request for hearing on the Statewide Rule 32 exception flaring authority on May 7, 2019.
3. EOG was previously granted an administrative exception to Statewide Rule 32 to flare a maximum casinghead gas volume of 200 Mcfd from the Facility under Flare Permit No. 28602, expiring May 1, 2017. Following the expiration of the administrative exception to Statewide Rule 32, EOG was granted a two-year exception to Statewide Rule 32 under Oil and Gas Docket No. 01-0304489 to flare a maximum casinghead gas volume of 250 Mcfd from the Facility, expiring May 1, 2019.
4. On June 25, 2019 the Hearings Division of the Commission sent a Notice of Hearing ("Notice") to Applicant and all offsetting operators in the field setting a hearing date of July 30, 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. The hearing was held on July 30, 2019, as noticed. Applicant appeared and participated at the hearing. No one appeared in protest.

5. Three (3) wells flow into the Facility including the WLS Unit Well No. 1H, and the Merlin Well Nos. 1H and 6H.
6. The Facility is tied into a sweet pipeline, but the flowrates and high H₂S concentrations make treating and selling the gas uneconomic.
7. The WLS Unit lease produces casinghead gas with an H₂S concentration of approximately 5,200 parts per million ("ppm"), as stated on the Commission Form H-9, dated May 15, 2015.
8. The Merlin lease produces casinghead gas with an H₂S concentration of approximately 5,800 ppm, as stated on the Commission Form H-9, dated May 15, 2019.
9. The cost to treat the casinghead gas and utilize connected sweet pipeline is estimated to be \$1,142.87 per day, which exceeds the net gas revenue of \$500 per day from the remaining reserves from Leases, making it uneconomical to treat and sell the casinghead gas.
10. Based on production and disposition data, the estimated volume of casinghead gas to be flared would be a maximum of 200 Mcfd.
11. The requested Statewide Rule 32 exception to flare a maximum of 200 Mcfd, limited to 6,000 Mcfm, of casinghead gas is necessary for EOG to produce the recoverable oil from the Leases.
12. 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 has met the requirements in Statewide Rule 32 to flare a maximum of 200 Mcfd, limited to 6,000 Mcfm, of casinghead gas and the flaring of such gas is necessary.
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, Inc. (253162). is granted a two-year exception to Statewide Rule 32. Its request for authority to flare a maximum of 200 Mcfd, limited to 6,000 Mcfm, of casinghead gas from the flare stack located on the WLS Unit and Merlin dual facility, from May 2, 2019, to April 30, 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 WLS Unit and Merlin leases. 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 September 11, 2019.

RAILROAD COMMISSION OF TEXAS

**(Order approved and signatures affixed by
Hearings Division's Unprotested Master
Order dated September 11, 2019)**

ATTACHMENT A – FLARE EXCEPTION AUTHORITY

Permit No.	Commingle Permit No. (If Applicable)	Lease Name, Individual Flare Stacks	Permit Start Date	Permit End Date	Maximum Flare Volume (Mcf/d & Mcf/m)	Casinghead Gas or Gas Well Gas
39835	N/A	WLS/Merlin (Dual Facility)	May 2, 2019	April 30, 2021	200 Mcfd 6,000 Mcfm	Casinghead Gas

Note:

Mcf/d = Thousand Cubic Feet Per Day

Mcf/m = Thousand Cubic Feet Per Month