

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

OIL AND GAS DOCKET NO. 08-0319896

APPLICATION OF EOG RESOURCES, INC. (253162) FOR AN EXCEPTION TO STATEWIDE RULE 32 FOR THE PAUL 23 (46562) LEASE, THE PAUL 24 (46546) LEASE, THE BRUNSON 48 (46539) LEASE, AND THE STATE FIREFLY 24 UNIT NO. 1 (283636) LEASE, PHANTOM (WOLFCAMP) FIELD, LOVING, WINKLER, AND REEVES COUNTIES, 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 August 23, 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. a maximum of 350 thousand cubic feet per day ("Mcf/d"), limited to 3,100 thousand cubic feet per month ("Mcfm"), of casinghead gas from May 1, 2019 to April 30, 2021, from the flare stack located at the Paul 23 (46562) Lease in the Phantom (Wolfcamp) Field, Loving County, Texas;
 - b. a maximum of 160 Mcfd, limited to 2,325 Mcfm, of casinghead gas from May 1, 2019 to April 30, 2021, from the flare stack located at the Paul 24 (46564) Lease in the Phantom (Wolfcamp) Field, Winkler County, Texas;
 - c. a maximum of 90 Mcfd, limited to 2,100 Mcfm, of casinghead gas from May 1, 2019 to April 30, 2021, from the flare stack located at the Brunson 48 (46539) Lease in the Phantom (Wolfcamp) Field, Loving County, Texas; and
 - d. a maximum of 1,200 Mcfd, limited to 7,750 Mcfm, of gas well gas from May 1, 2019 to April 30, 2021, from the flare stack located at the State Firefly 24 Unit No. 1 (283636) Lease, Reeves County, Texas.

2. EOG submitted a request for hearing on the Statewide Rule 32 exception flaring authority on May 1, 2019.

3. EOG was previously granted an administrative exception to Statewide Rule 32 to flare:
 - a. a maximum casinghead gas volume ranging from 92 Mcfd to 1,468 Mcfd decreasing to 92 Mcfd from the Paul 23 Lease under Flare Permit Nos. 26225, 37616, and 38002, expiring April 30, 2019;
 - b. a maximum casinghead gas volume ranging from 64 Mcfd to 200 Mcfd from the Paul 24 Lease under Flare Permit Nos. 26227, 37618, and 38001, expiring April 30, 2019;
 - c. a maximum casinghead gas volume ranging from 31 Mcfd to 289 Mcfd from the Brunson 48 Lease under Flare Permit Nos. 26929, 27182, 27490, 27687, 28196, 29988, and 36853, expiring April 30, 2019; and
 - d. a maximum gas well gas volume ranging from 19 Mcfd to 5,563 Mcfd from the State Firefly 24 Unit No. 1 Lease under Flare Permit Nos. 28937, 33156, 34082, 35222, and 36845, expiring April 29, 2019.
4. On July 30, 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 August 23, 2019. Subsequently, it was learned that Winkler and Reeves counties were inadvertently left off the Notice. An amended Notice was sent by the Hearings Division on August 13, 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 August 23, 2019, as noticed. Applicant appeared and participated at the hearing. No one appeared in protest.
5. The Paul 23 Lease, Well No. 1H, and the Paul 24 Lease, Well No. 1H, are flowing wells that EOG seeks to put on gas lift as soon as EOG can secure a source of gas lift gas. The wells are currently unloading production in slugs, which causes non-uniform oil and gas production rates.
6. The Paul 23 and Paul 24 Leases are tied into an Energy Transfer Company gas sales pipeline, but non-uniform gas production rates have prevented use of the sales pipeline. EOG has flared 100 percent of its gas production since September 2018 due to the unavailability of gas lift gas.
7. Shutting in the Paul 23 and Paul 24 Lease wells will cause waste of reservoir energy that could result in the waste of reserves.
8. The Brunson 48 Lease, Well No. 3, is on rod pump, and produces at a lower gas-oil ratio ("GOR") when producing at higher oil rates.
9. The Brunson 48 Lease is currently tied to an inactive third-party sales line, and EOG has flared 100 percent of its gas production since September 2018. EOG plans to construct a new line to tie the Brunson 48 Lease to an EOG gathering line.

10. Reducing the production rates on the Brunson 48 Lease would result in producing the well at a higher GOR, resulting in a waste of reservoir energy.
11. The State Firefly 24 Unit, Well No. 1H, is a gas well. The gas production is gathered by Enterprise Products Operating LLC ("Enterprise").
12. Gathering system capacity issues on the Enterprise system have caused periodic and partial curtailment of the delivery of gas produced from the State Firefly 24 Unit, Well No. 1H, to the gas gathering system.
13. The State Firefly 24 Unit, Well No. 1H produced over 1,300 Mcfd during the month of August 2019. The highest monthly flare volume was 7,183 Mcfm in March 2019 due to periods when Enterprise did not have capacity for 100 percent of gas produced from well.
14. Based on production data, the estimated volume of gas to be flared would be:
 - a. a maximum of 350 Mcfd, limited to 3,100 Mcfm, of casinghead gas from the flare stack located on the Paul 23 Lease;
 - b. a maximum of 160 Mcfd, limited to 2,325 Mcfm, of casinghead gas from the flare stack located on the Paul 24 Lease;
 - c. a maximum of 90 Mcfd, limited to 2,100 Mcfm, of casinghead gas from the flare stack located on the Brunson 48 Lease; and
 - d. a maximum of 1,200 Mcfd, limited to 7,750 Mcfm, of gas well gas from the flare stack located on the State Firefly 24 Unit Lease.
15. The requested Statewide Rule 32 exception to flare the following volumes of casinghead gas and gas well gas is necessary for EOG to produce the recoverable oil:
 - a. a maximum of 350 Mcfd, limited to 3,100 Mcfm, of casinghead gas from the flare stack located on the Paul 23 Lease;
 - b. a maximum of 160 Mcfd, limited to 2,325 Mcfm, of casinghead gas from the flare stack located on the Paul 24 Lease;
 - c. a maximum of 90 Mcfd, limited to 2,100 Mcfm, of casinghead gas from the flare stack located on the Brunson 48 Lease; and
 - d. a maximum of 1,200 Mcfd, limited to 7,750 Mcfm, of gas well gas from the flare stack located on the State Firefly 24 Unit Lease.
16. 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 casinghead gas and gas well gas as reflected on Attachment A, 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 casinghead gas from the Paul 23 (46562) Lease, the Paul 24 (46546) Lease, and the Brunson 48 (46539) Lease, and to flare gas well gas from the State Firefly 24 Unit No. 1 (283636) Lease, Phantom (Wolfcamp) Field, Loving, Winkler, and Reeves counties, Texas, 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 Paul 23 Lease, the Paul 24 Lease, the Brunson 48 Lease, and the State Firefly 24 Unit 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 January 14, 2020.

RAILROAD COMMISSION OF TEXAS

**(Order approved and signatures affixed by
Hearings Division's Unprotested Master
Order dated January 14, 2020)**

ATTACHMENT A – FLARE EXCEPTION AUTHORITY

Exception No.	Commingle Permit No. (If Applicable)	Lease Name, Individual Flare Stacks	Exception Start Date	Exception End Date	Maximum Flare Volume (Mcf/d & Mcf/m)	Casinghead Gas or Gas Well Gas
38002	N/A	Paul 23 Lease	May 3, 2019	April 30, 2021	350 Mcfd 3,100 Mcfm	Casinghead Gas
38001	N/A	Paul 24 Lease	May 3, 2019	April 30, 2021	160 Mcfd 2,325 Mcfm	Casinghead Gas
36853	N/A	Brunson 48 Lease	May 3, 2019	April 30, 2021	90 Mcfd 2,100 Mcfm	Casinghead Gas
36853	N/A	State Firefly 24 Unit	May 3, 2019	April 30, 2021	1,200 Mcfd 7,750 Mcfm	Gas Well Gas

Note:
Mcf/d = Thousand Cubic Feet Per Day
Mcfm = Thousand Cubic Feet Per Month