

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

OIL AND GAS DOCKET NO. 01-0321036

APPLICATION OF CARRIZO (EAGLE FORD) LLC (135316) AND CALLON (EAGLE FORD) LLC (124805) FOR AN EXCEPTION TO STATEWIDE RULE 32 FOR THE ERCP CPF, EAGLEVILLE (EAGLE FORD-1) FIELD, LA SALLE COUNTY, TEXAS

FINAL ORDER NUNC PRO TUNC

This Final Order Nunc Pro Tunc corrects a typographical error in the Ordering Provisions regarding the end date for Callon (Eagle Ford) LLC's exception to Statewide Rule 32. The Final Order approved on April 21, 2020, incorrectly states this end date as "June 21, 2019." In this Final Order Nunc Pro Tunc, this date has been corrected to June 21, 2021. The Final Order in this case is hereby amended, nunc pro tunc, to read as follows:

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 August 29, 2019, by a Commission Technical Examiner and Administrative Law Judge ("Examiners"). 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. Carrizo (Eagle Ford) LLC ("Carrizo") and Callon (Eagle Ford) LLC ("Callon") (both referred to as "Applicants") jointly seek an exception to Statewide Rule 32 ("Statewide Rule 32") for authority to flare a maximum daily volume of 2,500 thousand cubic feet per day ("Mcf") of casinghead gas from a flare point on the ERCP Central Processing Facility ("ERCP CPF"), in the Eagleville (Eagle Ford-1) Field, in La Salle County, Texas. The flare point volume and proposed expiration date are listed in Attachment A.
2. At the hearing, Callon and Carrizo requested to be joint Applicants because Callon had acquired Carrizo. The exact transfer date of custody of these wells was unknown at the hearing, and Statewide Rule 32 does not allow for transfer of an exception.
3. On March 10, 2020, Applicants provided an approved Oil and Gas Division Form P-4 transferring all of Carrizo's wells in District 01 and 02 to Callon, effective February 1, 2020.
4. Carrizo submitted a request for hearing on the Statewide Rule 32 flaring exception on June 19, 2019, prior to the expiration of the administrative authority.
5. Carrizo was previously granted an administrative exception to Statewide Rule 32 to flare 5,000 Mcfd of casinghead gas from the flare point. The administrative exception expiration date is June 21, 2019.

6. On August 1, 2019, the Hearings Division of the Commission sent a Notice of Hearing (“Notice”) to Carrizo and all offsetting operators in the field, setting a hearing date of August 29, 2019. On August 13, 2019, the Hearings Division sent a supplemental Notice of Hearing to an offsetting operator with a corrected address. 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 29, 2019 as noticed. Applicants appeared and presented evidence. No one appeared in protest.
7. Applicants seek the Statewide Rule 32 flaring exception due to unplanned mechanical outages and compressor downtime.
8. The requested Statewide Rule 32 exception to flare casinghead gas was necessary for Carrizo and is necessary for Callon to produce the recoverable oil from the multiple wells serviced by the individual ERCP CPF during periods of unplanned mechanical outages and compressor downtime.
9. The monthly limiting volume on the ERCP CPF was determined by six (6) days of average daily deliverability. The Examiners evaluated production and flaring data from November 2018 to the date of the hearing to attain a record of historical flaring for the ERCP CPF. During the period, casinghead gas flaring ranged from 3,749 Mcfm to 43,402 Mcfm, with the average flaring for the 12-month period being 13,081 Mcfm. In December 2018, 43,402 Mcf was flared from the ERCP CPF, which represents 47% of the monthly produced gas flared and is anomalous to the monthly flaring volumes since that time.
10. The Examiners recommended that the monthly volume be limited to 15,000 thousand cubic feet per month (“Mcfm”). Applicants do not find this recommendation adverse.
11. At the hearing, Applicants 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. 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. Applicants meet the requirements in Statewide Rule 32 to flare casinghead gas for the maximum amount listed in 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 Carrizo and Callon are GRANTED a two-year exception to Statewide Rule 32 as follows:

- Carrizo is **GRANTED** an exception from June 22, 2019 through January 31, 2020, and
- Callon is **GRANTED** an exception from February 1, 2020 through June 21, 2021.

The request for authority to flare from the ERCP CPF for the dates specified, in La Salle County, Texas, identified in Attachment A, is **APPROVED**.

This authority is granted, provided all production is reported on the appropriate Commission forms. Within 30 days of the effective date of this order, Applicant shall file the Statewide Rule 32 Exception Data Sheet and the required fee for a Statewide Rule 32 exception for each flare point. See 16 Tex. Admin. Code § 3.32(h)(1). This order, and the authority to flare granted herein, is **VOID** if the required fee is not paid by Applicant within 30 days of the effective date of this order.

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 this Final Order is final and effective on the date the Master Order relating to this Final Order is signed.**

Signed on May 20, 2020

RAILROAD COMMISSION OF TEXAS

(Order approved and signatures affixed by Hearings Division's Unprotested Master Order dated May 20, 2020)

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)	Maximum Monthly Flare Volume (Mcf/m)	Casinghead Gas or Gas Well Gas
38116	NA	ERCP CFP	6/22/2019	6/21/2021	2,500 Mcfd	15,000 Mcfm	Casinghead Gas

Note: **Mcf/d = Thousand Cubic Feet Per Day**

Mcf/m = Thousand Cubic Feet Per Month