

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

OIL AND GAS DOCKET NO. 01-0322561

**APPLICATION OF CARRIZO (EAGLE FORD) LLC (OPERATOR NO. 135316) AND
CALLON (EAGLE FORD) LLC (OPERATOR NO. 124805) FOR AN EXCEPTION TO
STATEWIDE RULE 32 FOR VARIOUS FACILITIES, EAGLEVILLE (EAGLE FORD-1)
FIELD, LA SALLE COUNTY, MCMULLEN, DIMMIT AND FRIO COUNTIES, TEXAS,
DISTRICT 01.**

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 December 10, 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. Carrizo (Eagle Ford) LLC (“Carrizo”) and Callon (Eagle Ford) LLC (“Callon”) (both referred to as “Applicants”) jointly seek a two-year exceptions to 16 Tex. Admin. Code § 3.32 (“Statewide Rule 32”) for authority to flare casinghead gas from respective flare points at various facilities (the “Facilities”) in the Eagleville (Eagle Ford-1) Field, in La Salle, McMullen, Dimmit and Frio Counties, Texas. The flare point limiting volumes and proposed expiration dates are listed in Attachment A.
2. At the hearing, Callon and Carrizo requested to be joint Applicants because Callon had recently 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 27, 2020 Applicants provided an approved Oil and Gas Division Form P-4 transferring all of Carrizo’s wells in District 01 to Callon effective February 1, 2020.
4. Carrizo submitted a request for hearing on the Statewide Rule 32 flaring exception on August 16, 2019, prior to the expiration of the previous exception.
5. The Commission previously granted Carrizo an exception to Statewide Rule 32 under Oil & Gas Docket No. 01-0305889 to flare various daily volumes of casinghead gas from each of the six Facilities. All previous exceptions terminate on August 6, 2019 and are summarized in Attachment B.

6. On November 22, 2019, the Hearings Division of the Commission sent a Notice of Hearing (“Notice”) to Applicants and all offsetting operators in the field setting a hearing date of December 10, 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 December 10, 2019 as noticed. The Applicants appeared and presented evidence. No one appeared in protest. A post-hearing conference was held on September 2, 2020.
7. Applicants seek the Statewide Rule 32 flaring exceptions at the Facilities due to unplanned mechanical outages, high gas-line pressures and compressor downtime.
8. The requested Statewide Rule 32 exceptions to flare casinghead gas are necessary for Carrizo and Callon to produce the recoverable hydrocarbons during periods of temporary system upsets.
9. The exception term for the Rathjen Facility is limited to October 2019 only. During October 2019, the Rathjen Facility experienced an anomalous flaring event due to high line pressure.
10. 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 meets 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** two-year exceptions to Statewide Rule 32 for the Facilities:

- Carrizo is **GRANTED** an exception for the Facilities from August 6, 2019 through January 31, 2020.
- Callon is **GRANTED** an exception for the Facilities from February 1, 2020 through August 5, 2021.

The request for authority to flare from six flare points for the Facilities for the dates specified, in the Eagleville (Eagle Ford-1) Field, 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 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 November 4, 2020

RAILROAD COMMISSION OF TEXAS

(Order approved and signatures affixed by Hearings Division's Unprotested Master Order dated November 4, 2020)

ATTACHMENT A – FLARE EXCEPTION AUTHORITY

Flare Exception #	Commingle Permit #	Flare Point Name	Exception Start Date	Exception End Date	Flare Volume (Mcf/d)	Flare Volume (Mcf/m)	Casinghead Gas / Gas Well Gas
29456		KRAWETZ FACILITY	8/6/2019	8/5/2021	85	2,000	Casinghead
29748	6059	WRIGHT RANCH FACILITY	8/6/2019	8/5/2021	80	2,400	Casinghead
29816	6076	GRAN TORINO A11 FACILITY	8/6/2019	8/5/2021	75	2,200	Casinghead
29817		STINGRAY 1 FACILITY	8/6/2019	8/5/2021	75	1,600	Casinghead
29929	5704	TALBUTT TRUST FACILITY	8/6/2019	8/5/2021	205	3,600	Casinghead
29931	5556	RATHJEN FACILITY	10/1/2019	10/31/2019	NA	1,639	Casinghead

Note: Mcfd = Thousand Cubic Feet Per Day

Mcfm = Thousand Cubic Feet Per Month

ATTACHMENT B – PREVIOUS EXCEPTION AUTHORITY

Previous Flare Exception No.	Commingle Permit #	Flare Point Name	Prev. Exception Type: Admin # Order #	Prev. Exception End Date	Prev. Max. Flare Vol (Mcf)	Casinghead/ Gas Well
29456		KRAWETZ FACILITY	01-0305889	8/6/2019	100	Casinghead
29748	6059	WRIGHT RANCH FACILITY	01-0305889	8/6/2019	600	Casinghead
29816	6076	GRAN TORINO A11 FACILITY	01-0305889	8/6/2019	500	Casinghead
29817		STING RAY 1 FACILITY	01-0305889	8/6/2019	500	Casinghead
29929	5704	TALBUTT TRUST FACILITY	01-0305889	8/6/2019	1,000	Casinghead
29931	5556	RATHJEN FACILITY	01-0305889	8/6/2019	1,000	Casinghead