



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL AND GAS DOCKET NO. 01-0282090

THE APPLICATION OF EOG RESOURCES, INC. FOR AN EXCEPTION TO STATEWIDE
RULE 32 FOR THE ELAND UNIT LEASE, EAGLEVILLE (EAGLE FORD-1) FIELD,
ATASCOSA COUNTY, TEXAS

HEARD BY: Richard D. Atkins, P.E. - Technical Examiner
Terry Johnson - Legal Examiner

DATE OF HEARING: May 13, 2013

ER&R PREPARED BY: Paul Dubois

APPEARANCES: REPRESENTING:

APPLICANT:

Doug Dashiell
Jeffrey Perry

EOG Resources, Inc.

EXAMINERS' REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

EOG Resources, Inc. ("EOG") requests an exception to Statewide Rule 32 to flare up to 75 MCFPD of sour casinghead gas from June 11, 2013 through December 31, 2013, from the Eland Unit Lease, Eagleville (Eagle Ford-1) Field, Atascosa County, Texas.

Notice was provided to offset operators surrounding the above referenced lease. The application is unopposed and the examiners recommend approval of an exception to Statewide Rule 32 for the Eland Unit Lease, as requested by EOG.

DISCUSSION OF THE EVIDENCE

Statewide Rule 32 governs the utilization for legal purposes of natural gas produced under the jurisdiction of the Railroad Commission. Specifically, Statewide Rule 32(h) provides that an exception to flare natural gas in volumes greater than 50 MCFGPD per well may be granted administratively for a period up to 180 days. Beyond that, Statewide Rule 32(h) provides that exceptions beyond 180 days shall be granted only in a final order signed by the Commission. In the context of the subject application, EOG is requesting to flare 75 MCFPD of casinghead gas from June 11, 2013, through December 31, 2013, from the Eland Unit Lease, as provided by Statewide Rule 32(h).

The Eland Unit Lease is located in south-central Atascosa County, approximately 6 miles northeast of the town of Christine, Texas. This area of the Eagleville (Eagle Ford-1) Field is undergoing rapid development and lacks existing oil and gas infra-structure for new gas production. The Eland Unit Lease is located approximately 13 miles from the nearest sour gas gatherer in the area, Access Midstream, L.P.

EOG submitted a copy of the Commission Form W-2 filed for its Eland Unit Lease, Well No. 1H that was completed in November 2012. The 1H well produced 502 BOPD, 216 MCFGPD and 1,553 BWPD with a gas-oil ratio of 430 cubic feet per barrel. Concentrations of H₂S in the gas averaged 10,000 to 19,000 ppm. EOG received administrative Permit No. 12895 to flare 200 MCFPD of casinghead gas from its Eland Unit Lease. The permit was effective December 12, 2012, and expired on June 10, 2013, after three extensions, which totaled the maximum 180 days allowed by an administrative permit.

EOG provided an economic analysis of the cost of building a sour gas pipeline from the Eland Unit Lease to the Regency Energy Partners, L.P., sour gas pipeline 13 miles to the south. The analysis indicated that it would be uneconomical to build a sour gas pipeline for one well on the Eland Unit. Therefore, EOG requests an exception to Statewide Rule 32 to flare 75 MCFPD of casinghead gas from June 11, 2013 through December 31, 2013.

FINDINGS OF FACT

1. Proper notice of this hearing was given at least ten days prior to the date of hearing. There were no protests to the application.
2. The Eland Unit Lease is located in south-central Atascosa County, approximately 6 miles northeast of the town of Christine, Texas.
 - a. This area of the Eagleville (Eagle Ford-1) Field is undergoing rapid development and lacks existing oil and gas infra-structure for new gas

- production.
- b. The Eland Unit Lease, Well No. 1H well produced 502 BOPD, 216 MCFGPD and 1,553 BWPD with a gas-oil ratio of 430 cubic feet per barrel.
 - c. Concentrations of H₂S in the gas averaged 10,000 to 19,000 ppm.
 - c. The Eland Unit Lease is located approximately 13 miles from the nearest sour gas gatherer in the area, Regency Energy Partners, L.P.
3. Statewide Rule 32(h) stipulates that the Commission may administratively grant an exception to Statewide Rule 32 for a period no greater than 180 days.
 - a. EOG received administrative Permit No. 12895 to flare up to 200 MCFPD of casinghead gas from its Eland Unit Lease.
 - b. The permit was effective December 10, 2012, and expired on June 10, 2013, after three extensions, which totaled the maximum 180 days allowed by an administrative permit.
 4. It is not economical to build a 13-mile sour gas pipeline for one well on the Eland Unit.
 5. An exception to Statewide Rule 32 to flare 75 MCFPD of casinghead gas from June 11, 2013, through December 31, 2013 is appropriate.

CONCLUSIONS OF LAW

1. Proper notice was issued as required by all applicable statutes and regulatory codes.
2. All things have occurred and been accomplished to give the Commission jurisdiction in this matter.
3. Approval of the requested authority pursuant to Statewide Rule 32 will prevent waste and will not harm correlative rights.

EXAMINERS' RECOMMENDATION

Based on the above findings of fact and conclusions of law, the examiners recommend that the Commission grant an exception to Statewide Rule 32 to flare 75 MCFPD of casinghead gas from June 11, 2013, through December 31, 2013, as requested by EOG Resources, Inc.

Respectfully submitted,



Paul Dubois
Technical Examiner



Terry Johnson
Legal Examiner