



## RAILROAD COMMISSION OF TEXAS HEARINGS DIVISION

**OIL AND GAS DOCKET NO. 02-0299721**

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**THE APPLICATION OF DEVON ENERGY PRODUCTION CO., LP FOR AN EXCEPTION TO STATEWIDE RULE 32, FOR THE STEINMANN A LEASE WELL NOS. 1H & 2H, DEWITT (EAGLE FORD SHALE) FIELD, DEWITT COUNTY, TEXAS**

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**HEARD BY:** Richard Eyster, P.G. – Technical Examiner  
Dana Avant Lewis – Administrative Law Judge

**HEARING DATE:** May 10, 2016

**CONFERENCE DATE:** June 21st, 2016

**APPEARANCES:**

**REPRESENTING:**

**APPLICANT:**  
John Soule  
Joel Grillot

Devon Energy Production Co., LP

### EXAMINERS' REPORT AND RECOMMENDATION

#### STATEMENT OF THE CASE

Devon Energy Production Co., LP (Devon) seeks an exception to Statewide Rule 32 (16 Tex. Admin. Code §3.32) for the authority to flare gas from its Steinmann A Lease Well Nos. 1H & 2H, DeWitt (Eagle Ford Shale) Field, DeWitt County, Texas. All offset operators in the subject field were notified of the hearing. Devon is requesting authority to flare a volume of 225 MCFD for a period of two years.

The application is not protested. The Examiners recommend that it be approved.

#### DISCUSSION OF THE EVIDENCE

16 TAC §3.32(h) provides that an exception to flare gas well gas in volumes greater than 50 MCFGD may be granted administratively for a period up to 180 days. Furthermore, flaring exceptions beyond the 180 days shall be granted only in a final order signed by the Commission. Statewide Rule 32 contains no notice of application requirements. Devon

obtained administrative permits, Permit No. 23918, for Well No. 1H and Permit No. 25729 for the 2H Well. The 1H Well was permitted to flare 350 MCFD of gas for 180 days, from September 16, 2015 through March 15, 2016. Well No. 2H was permitted to flare 200 MCFD of gas for 180 days, from September 16, 2015 through March 15, 2016. On February 16, 2016, Devon requested a hearing to obtain an exception by Final Order.

Devon is requesting authority to flare a combined 225 MCFD of gas from one flare point. The 1H & 2H Wells were hooked up to 6-inch BHP pipeline. However, in mid-2015 the BHP pipeline developed a leak and the wells had to be shut in. BHP does not plan to repair the pipeline so Devon is requesting a two year flare exception from March 15, 2016 through March 15, 2018 because it is currently uneconomic to construct another pipeline. According to Mr. Grillot, Devon's engineer, Devon would have to construct approximately 2,700 feet of pipeline to connect to the 12-inch BHP pipeline. Currently the construction of 2,700 feet of pipeline would be approximately \$174,300. Devon's gas revenues over 53 months are expected to be approximately \$132,840. Devon requested a hearing to extend its flaring authority for the 1H and 2H Wells pursuant to Rule 32 because the cost of constructing 2,700 feet of pipeline is cost prohibitive at current gas prices.

#### **FINDINGS OF FACT**

1. Proper notice of this hearing was given to all parties entitled to notice at least 10 days prior to the hearing.
2. Devon obtained an administrative flare permit, Permit No. 23918, for Well No. 1H The 1H Well was permitted to flare 350 MCFD for 180 days, from September 16, 2015 through March 15, 2016.
3. Well No. 2H was permitted to flare 200 MCFD for 180 days, from September 16, 2015 through March 15, 2016 by Permit No. 25729.
4. On February 16, 2016 Devon requested a hearing to extend its flaring authority pursuant to Statewide Rule 32.
5. Devon is requesting a combined two year flare exception from March 15, 2016 through March 15, 2018 for the 1H and 2H Wells from one flare point at a volume of 225 MCFD.
6. The nearest pipeline connection is 2,700 feet from the wells.
7. Currently the cost of constructing 2,700 feet of pipeline is cost prohibitive at current gas prices.

8. Devon believes it does not have an economically feasible option for legal disposition of the flared gas at this time.
9. An exception to Statewide Rule 32 to flare or vent gas will allow Devon to continue to produce from the Steinmann A Lease, Well Nos. 1H & 2H.

**CONCLUSIONS OF LAW**

1. Resolution of the subject application is a matter committed to the jurisdiction of the Railroad Commission of Texas. Tex. Nat. Res. Code § 81.051.
2. The requested exception to flare 225 MCF/D casinghead gas for the subject well from 3/15/2016 through 3/15/2018, meets the requirements of Statewide Rule 32. 16 Tex. Admin. Code § 3.32(h).

**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 for the 1H and 2H Wells as requested by Devon.

Respectfully submitted,



Richard Eyster, P.G.  
Technical Examiner



Dana Avant Lewis  
Administrative Law Judge