



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL AND GAS DOCKET NO. 01-0299832

THE APPLICATION OF EXCO OPERATING COMPANY, LP FOR AN EXCEPTION TO STATEWIDE RULE 32 FOR TWENTY(20) VARIOUS FLARE POINTS ON VARIOUS LEASES IN THE BRISCOE RANCH (EAGLE FORD) FIELD, DIMMIT AND ZAVALA COUNTIES, TEXAS

HEARD BY: Richard Eyster, P.G. - Technical Examiner
Jennifer Cook - Administrative Law Judge

DATE OF HEARING: April 14, 2016

CONFERENCE DATE: June 21, 2016

APPEARANCES:

REPRESENTING:

APPLICANT:
Dale Miller

Exco Operating Company, LP

EXAMINERS' REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Exco Operating Company, LP ("Exco") requests an exception to 16 Texas Administrative Code §3.32 to flare casing-head gas from twenty (20) various flare points on various leases in the Briscoe Ranch (Eagle Ford) Field, Dimmit and Zavala Counties, Texas.

All offset operators in the subject field were notified of the hearing. The application is not protested. The Administrative Law Judge and the Technical Examiner (collectively the Examiners) recommend approval of the application, as requested by Exco.

DISCUSSION OF THE EVIDENCE

Title 16, §3.32 of the Texas Administrative Code ("TAC") governs the utilization for legal purposes of natural gas produced under the jurisdiction of the Railroad Commission. Specifically, 16 TAC §3.32(h) provides that an exception to flare casing-head gas in volumes greater than fifty thousand cubic feet of natural gas per day (50 MCFPD) 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 for hearings such as the immediate case. However, Commission practice has been to provide all operators of record (typically those on the Commission's most recent proration schedule), which offset the applied for well's tract and are in the same field as the applied for well, a Notice of Hearing for an exception to flare gas.

On February 25, 2016, Exco submitted a written request to schedule the subject hearing, which occurred on April 14, 2016. Exco is requesting to flare from twenty various flare points at various volumes on various leases in the Briscoe Ranch (Eagle Ford) Field, Dimmit and Zavala Counties, Texas. Exco is requesting the flaring authority because of continuing upsets in their gas gathering system due to pressure issues from new wells coming on line and continuing upsets at the gas processing plant. Exco does not see the pipeline pressure and upset issues being resolved within the next two years. Therefore Exco is requesting flaring authority for a period of two years from 03/11/2016 through 03/11/2018 from various flare points on various leases. The various flare points, their locations and proposed volumes are listed on Attachment A.

Exco believes that if they are not allowed to continue flaring they will have to shut in the wells possibly causing harm to the wells.

The Examiners recommend that Exco's request for flaring authority for a period of two years from March 11, 2016 through March 11, 2018 for the twenty flare points be approved.

FINDINGS OF FACT

1. Exco Operating Company, LP is requesting an exception to 16 Texas Administrative Code §3.32 to flare casinghead gas from the Twenty (20) Various Flare Points on the Various Leases listed in Attachment A, in the Briscoe Ranch (Eagle Ford) Field, Dimmit and Zavala Counties, from March 11, 2016 through March 11, 2018.
2. The Oil and Gas Division administratively approved Exco's application to flare casing-head gas from the 20 various flare points for 180 days.
3. Exco requested a hearing to consider flaring casing-head gas derived from the subject field through the subject wells on February 25, 2016
4. Exco expects pipeline and compressor problems to continue for two years.
5. If the flaring authority is not granted Exco will have to shut in its wells resulting in the waste of recoverable hydrocarbons.
6. An exception to Statewide Rule 32 to flare or vent gas will allow Exco to continue to produce from the twenty leases listed in Attachment A.

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. The requested authority to flare casing-head gas derived from the twenty flare points listed in Attachment A, on the Briscoe Ranch (Eagle Ford) Field, Dimmit and Zavala Counties satisfies the requirements of Title 16, Texas Administrative Code §3.32.

EXAMINERS' RECOMMENDATION

Based on the above findings of fact and conclusions of law, the examiners recommend that the Commission grant an exception to flare casing-head gas from twenty various flare points at various volumes on various leases as listed on Attachment A from March 11, 2016 through March 11, 2018.



Richard Eyster, P.G.
Technical Examiner

Respectfully submitted,



Jennifer Cook
Administrative Law Judge

ATTACHMENT "A"
EXCO OPERATING COMPANY, LP
BRISCOE RANCH (EAGLEFORD) FIELD
DIMITT AND ZAVALA COUNTIES, TEXAS

Flare Point	Lease Name & Well No.	Lease No.	<u>Latitude</u>	<u>Longitude</u>	Max Daily Flare Volume (Mcf)	H ₂ S (ppm)
A	Allee Unit A #1H	15313	28.601651	99.750374	130	5
B	Berdoll Dim #A 1H	16620	28.451773	99.894812	932	2
C	Berdoll Dim #B 1H	16620	28.465807	99.884424	278	2
D	Flying G Unit Dim #2H	17478	28.588976	99.800518	112	8
E	Gonzalez Unit A Dim #1H	15689	28.508208	99.823430	506	2
F	Howett Zav #A 3H & #B 1H	18015	28.820577	99.549110	183	20,000
G	Kim Dim #B 1H	16447	28.448561	99.873002	204	3
H	Km North Zav #A 1H & #A 5H	15963	28.824286	99.415270	117	2,253
I	Km South Zav #B 3H & #B 5H	17123	28.803121	99.421662	72	2,628
J	Llm Zav #E 3H & #E 6H	15624	28.878127	99.444847	405	200
K	Pena Creek I #1H	15375	28.604031	99.888359	505	6
L	Pena Creek I #4H	15375	28.600052	99.897187	196	6
M	Pena Creek I #5H	15375	28.596075	99.923969	204	6
N	Pena Creek I #6H	15375	28.598755	99.901483	223	6
O	Silva Unit Dim #1H	16555	28.455039	99.763177	105	3
P	Tauber Unit C Dim #3H	16639	28.593892	99.786029	164	10
Q	Traylor West Zav #C 1H & #C 4H	15993	28.858042	99.563819	111	5,714
R	Von Rosenberg Unit A Dim #1H	15612	28.512088	99.796112	842	3
S	Votaw Unit A Dim #1H	16642	28.471320	99.737056	139	1
T	Winterbotham Zav #M 1H & #M 5H	15744	28.825369	99.428475	124	5,288

Total 5,552mcf