



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL AND GAS DOCKET NO. 01-0279224

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

HEARD BY: Richard D. Atkins, P.E. - Technical Examiner
Michael Crnich - Legal Examiner

DATE OF HEARING: December 6, 2012

APPEARANCES:

REPRESENTING:

APPLICANT:

Doug Dashiell
Jeffrey Perry
Ben Tyler

EOG Resources, Inc.

OBSERVER:

Tom G. Tullos

Valence Operating Co.

EXAMINERS' REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

EOG Resources, Inc. ("EOG") requests an exception to Statewide Rule 32 to flare 200 MCFPD of casinghead gas from December 1, 2012, through June 30, 2013, from the Hundley Unit, Eagleville (Eagle Ford-1) Field, McMullen 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 Hundley Unit, 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 200 MCFPD of casinghead gas from December 1, 2012, through June 30, 2013, from the Hundley Unit, as provided by Statewide Rule 32(h).

The Hundley Unit is located in northwestern McMullen County, approximately 12 miles northwest of the town of Tilden, 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 Hundley Unit is located approximately 6,455 feet from the nearest gas gatherer in the area, Chesapeake Pipeline ("Chesapeake").

EOG submitted a copy of the Commission Form W-2 filed for its Hundley Unit, Well Nos. 2H, 4H and 10H, that were completed beginning in December 2009. The wells produced 279 BOPD, 315 MCFGPD and 424 BWPD with a gas-oil ratio of 1,129 cubic feet per barrel, 216 BOPD, 384 MCFGPD and 240 BWPD with a gas-oil ratio of 1,778 cubic feet per barrel and 562 BOPD, 430 MCFGPD and 1,032 BWPD with a gas-oil ratio of 765 cubic feet per barrel, respectively. EOG received administrative Permit No. 11626 to flare 250 MCFPD of casinghead gas from its Hundley Unit. The permit was effective June 1, 2012, and expired on December 1, 2012, after three extensions, which totaled the maximum 180 days allowed by an administrative permit.

EOG expects the gas gathering line to be completed prior to June 30, 2013, when the casinghead gas will no longer be flared. The H₂S concentration at the flare meter is 50 ppm. EOG requests an exception to Statewide Rule 32 to flare 200 MCFPD of casinghead gas from December 1, 2012, through June 30, 2013, from the Hundley Unit.

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 Hundley Unit is located in northwestern McMullen County, approximately 12 miles northwest of the town of Tilden, 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 Hundley Unit, Well Nos. 2H, 4H and 10H were completed beginning in December 2009. The wells produced 279 BOPD, 315 MCFGPD and 424 BWPD with a gas-oil ratio of 1,129 cubic feet per barrel, 216 BOPD, 384 MCFGPD and 240 BWPD with a gas-oil ratio of 1,778 cubic feet per barrel and 562 BOPD, 430 MCFGPD and 1,032 BWPD with a gas-oil ratio of 765 cubic feet per barrel, respectively.
 - c. The Hundley Unit is located approximately 6,455 feet from the nearest gas gatherer in the area, Chesapeake Pipeline ("Chesapeake").
 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 Resources, Inc. ("EOG") received administrative Permit No. 11626 to flare 200 MCFPD of casinghead gas from its Hundley Unit.
 - b. The permit was effective June 1, 2012, and expired on December 1, 2012, after three extensions, which totaled the maximum 180 days allowed by an administrative permit.
 4. An exception to Statewide Rule 32 to flare 250 MCFPD of casinghead gas from December 1, 2012, through June 30, 2013, from the Hundley Unit, is appropriate.
 - a. EOG expects the gas gathering line to be completed prior to June 30, 2013, when the casinghead gas will no longer be flared.
 - b. The H₂S concentration at the flare meter is 50 ppm.

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 200 MCFPD of casinghead gas from December 1, 2012, through June 30, 2013, from the Hundley Unit, as requested by EOG Resources, Inc.

Respectfully submitted,



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Technical Examiner



Michael Crnich
Legal Examiner