



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL & GAS DOCKET NO. 01-0305621

THE APPLICATION OF EOG RESOURCES, INC. FOR AN EXCEPTION TO STATEWIDE RULE 32 FOR THE GANDALF UNIT (LEASE NO. 18473) AND THE GIMLI UNIT (LEASE NO. 18464), EAGLEVILLE (EAGLE FORD-1) FIELD, MCMULLEN COUNTY, TEXAS

HEARD BY: Paul Dubois – Technical Examiner
Clayton J. Hoover – Administrative Law Judge

HEARING DATE: August 9 , 2017

CONFERENCE DATE: September 19, 2017

APPEARANCES:

APPLICANT:

Doug Dashiell
Jeremy Montanez

REPRESENTING:

EOG Resources, Inc.

EXAMINERS' REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Pursuant to Statewide Rule 32 (16 Tex. Admin. Code §3.32), EOG Resources, Inc. ("EOG") seeks authority to flare casinghead gas from its Gandalf and Gimli Units (Lease Nos. 18473 and 18464, respectively), through a single flare point (Permit No. 28921) in the Eagleville (Eagle Ford-1) Field, McMullen County, Texas. Wells on the subject units produce gas that contains high concentrations (up to 30,000 parts per million) of hydrogen sulfide. The existing gas compression and pipeline system is not capable of handling the sour gas. EOG is in the process of upgrading its sour gas gathering capabilities. EOG anticipates the need to flare sour gas through January of 2018. EOG is requesting authority to flare (Permit No. 28921) up to 400 thousand cubic feet ("mcf") of gas per day through February 1, 2018. The application was not protested. The Examiners recommend an exception to Statewide Rule 32 be granted to EOG as requested.

EOG requests an exception to Statewide 32 to flare 400 mcf of gas per day through February 1, 2018. Generally, Statewide Rule 32 governs the utilization for legal

purposes of natural gas produced under the jurisdiction of the Railroad Commission. EOG seeks relief in the captioned dockets pursuant to Statewide Rule 32(f)(2)(D), as follows:

The commission or the commission's delegate may administratively grant or renew an exception to the requirements of limitations of this subsection subject to the requirements of subsection (h)...if the operator of a well or production facility presents information to show the necessity for the release...

Statewide Rule 32(h)(4) states:

Requests for exceptions for more than 180-days and for volumes greater than 50 mcf of hydrocarbon gas per day shall be granted only in a final order signed by the commission.

Because EOG requests exceptions for more than 180 days and to flare more than 50 mcf of hydrocarbon gas per day, the procedure to address EOG's request for an exception is through a hearing resulting in a final order signed by the Commission.

FINDINGS OF FACT

1. Notice of this hearing was given to all parties entitled to notice at least ten days prior to the date of the hearing.
2. EOG Resources, Inc. operates wells on its Gandalf Unit (Lease No. 18473) and Gimli Unit (Lease No. 18464) in the Eagleville (Eagle Ford-1) Field, McMullen County, Texas.
3. The Gandalf and Gimli Unit wells initially produced gas with hydrogen sulfide concentrations up to 15,000 parts per million, and the hydrogen sulfide concentrations have increased to about 30,000 parts per million.
4. EOG's gas gathering and compression system is not capable of handling sour gas at those concentrations.
5. EOG has obtained administrative authority to flare up to 360 mcf gas from the units, which share a common flare point (Permit No. 28921), from January 11, 2017 through July 11, 2017.
6. On June 27, 2017, EOG requested a hearing to extend the flaring authority.
7. EOG is reworking its existing system to bring the produced sour gas to market.

8. EOG anticipates system improvements will be complete on or about January 1, 2018.
9. EOG requests authority to flare gas from the units until the system upgrades are complete.
10. An exception to flare the sour gas will enable EOG to continue to produce liquid hydrocarbons from the Gandalf and Gimli Units.
11. At the hearing, the applicant agreed on the record that a Final Order in this case is to be effective when the Master Order is signed.

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. All notice requirements have been satisfied. 16 Tex. Admin. Code §§1.43 and 1.45.
3. The requested authority to flare casinghead gas satisfies the requirements of Title 16, Texas Administrative Code 3.32(h).
4. Pursuant to §2001.144(a)(4)(A), of the Texas Government Code, and the agreement of the applicant, this Final Order is effective when a Master Order relating to this Final Order is signed on September 19, 2017.

EXAMINERS' RECOMMENDATION

The Examiners recommend approval of the application of EOG Resources, Inc. for an exception to Statewide Rule 32 for the Galdalf and Gimli Units (Lease Nos. 18476 and 18464, respectively) in the Eagleville (Eagle Ford-1) Field, McMullen County, Texas.

Respectfully submitted,



Paul Dubois
Technical Examiner



Clayton J. Hoover
Administrative Law Judge