



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL AND GAS DOCKET NO. 01-0301044

THE APPLICATION OF CARRIZO (EAGLE FORD) LLC FOR AN EXCEPTION TO 16 TAC §3.32 FOR THE ARNOLD 10 CPF, PENA CPF, RAYES CPF, SIEGELE CPF, AND WEST PENA CPF, EAGLEVILLE (EAGLE FORD-1) FIELD, ATASCOSA, FRIO, AND LA SALLE COUNTIES, TEXAS

HEARD BY: Karl Caldwell – Technical Examiner
Ryan Lammert – Administrative Law Judge

HEARING DATE: September 23, 2016
CONFERENCE DATE: November 15, 2016

APPEARANCES:	REPRESENTING:
APPLICANT:	Carrizo (Eagle Ford) LLC
George Neale	
Rick Johnston	
Rod Ceja	

EXAMINERS' REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Carrizo (Eagle Ford) LLC ("Carrizo") requests an exception to Statewide Rule 32 for the the Arnold 10 CPF, Pena CPF, Rayes CPF, Siegele CPF, and the West Pena CPF, Eagleville (Eagle Ford-1) Field, Atascosa, Frio, and La Salle Counties, Texas. Notice was provided to offset operators and no protests were received. The applications are unopposed, and the Technical Examiner and the Administrative Law Judge (collectively, "Examiners") recommend approval of an exception to Statewide 32 for the subject facilities as requested by Carrizo.

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(j) *Opportunity for hearing* states that an operator may request a hearing on any

application for an exception, or exception renewal required by this section. On July 8, 2016, the Commission received a hearing request from Carrizo for an exception to Statewide Rule 32 to extend its existing flaring authority for the Arnold 10 CPF, Pena CPF, Rayes CPF, Siegele CPF, and the West Pena CPF. On August 18, 2016 the Commission received an amended hearing request from Carrizo for an exception to Statewide Rule 32 for the same facilities for extension in time of its existing authority and also an increase in the maximum permitted daily volume of gas flared.

Under normal conditions all gas produced from each of the facilities will be sold. However, at times intermittent flaring is necessary as a result of operation upset situations. System upset situations arise as a result of gas pipeline-related issues, including pipeline pressure constraints, and periods when the gas does not meet the pipeline specifications for H₂S limits, CO₂ limits, or water dew point limits. Operational issues also periodically arise due to compressor downtime.

Carrizo (Eagle Ford) LLC currently has existing flaring authority for all of these central production facilities (CPF) (Table 1). For the Pena CPF, Rayes CPF, and Siegele CPF, Carrizo (Eagle Ford) LLC only seeks to increase the flare volume for the existing exception to Statewide Rule 32 (from 6,650 MCF per day to 8,000 MCF per day for the Pena CPF, from 1,050 MCF per day to 7,700 MCF per day for the Rayes CPF, and from 1,000 MCF per day to 2,000 MCF per day for the Siegele CPF). For both the Arnold 10 CPF and West Pena CPF, Carrizo (Eagle Ford) LLC requests for an extension of time for its existing flare authority, with no increase in the existing flare volume of 3,000 MCF per day for the Arnold 10 CPF, and 5,000 MCF per day for the West Pena CPF. For each of the five central production facilities Carrizo is requesting flare authority to January 23, 2017.

Table 1: Summary of existing flare authority

Facility Name	Flare Volume Authorized (MCFD)	Expiration Date of Current Flare Authority	Authority Granted
Arnold 10 CPF	3,000	08/1/16	O&G Docket No. 01-0295425
Pena CPF	6,650	01/23/17	O&G Docket No. 01-0295425
Rayes CPF	1,050	01/23/17	O&G Docket No. 01-0295425
Siegele CPF	1,000	01/23/17	O&G Docket No. 01-0295425
West Pena CPF	5,000	09/23/16	Administrative Permit # 27637

FINDINGS OF FACT

1. Notice of this hearing was given to offset operators at least ten days' prior to the date of hearing. There were no protests to the application.

2. Carrizo requests to extend its current flaring authority to January 23, 2017 for all five facilities, and for some facilities, requests to increase its current maximum permitted daily flare volumes:
 - a. Authority to flare a maximum of 3,000 MCFD to January 23, 2016 for the Arnold 10 CPF;
 - b. Authority to flare a maximum of 8,000 MCFD to January 23, 2016 for the Pena CPF;
 - c. Authority to flare a maximum of 7,700 MCFD to January 23, 2016 for the Rayes CPF;
 - d. Authority to flare a maximum of 2,000 MCFD to January 23, 2016 for the Siegele CPF; and
 - e. Authority to flare a maximum of 5,000 MCFD to January 23, 2016 for the West Pena CPF.
3. Under normal circumstances Carrizo will be able to sell the gas. Due to system upsets, intermittent flaring may be necessary.
4. Carrizo requested a hearing for an exception to Statewide Rule 32 prior to the expiration of the existing flaring authority for each facility:
 - a. On July 8, 2016, the Commission received a hearing request from Carrizo for an exception to Statewide Rule 32 to extend its existing flaring authority for the Arnold 10 CPF, Pena CPF, Rayes CPF, Siegele CPF, and the West Pena CPF; and
 - b. On August 18, 2016 the Commission received an amended hearing request from Carrizo for an exception to Statewide Rule 32 for the same facilities for extension in time of its existing authority and also an increase in the maximum permitted daily volume of gas flared.
5. Authority to flare gas at times when the gas cannot be sold will allow Carrizo to continue to produce the wells.

CONCLUSIONS OF LAW

1. 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. Title 16, Texas Administrative Code 3.32(h) (4) provides for an exception for more than 180 days and for volumes greater than 50 Mcf per day.

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 a to flare a maximum of 3,000 MCFD to January 23, 2016 for the Arnold 10 CPF, a maximum of 8,000 MCFD to January 23, 2016 for the Pena CPF, a maximum of 7,700 MCFD to January 23, 2016 for the Rayes CPF, a maximum of 2,000 MCFD to January 23, 2016 for the Siegele CPF, and a a maximum of 5,000 MCFD to January 23, 2016 for the West Pena CPF as requested by Carrizo (Permian) LLC.

Respectfully submitted,



Karl Caldwell
Technical Examiner



Ryan Lammert
Administrative Law Judge