



RAILROAD COMMISSION OF TEXAS HEARINGS DIVISION

OIL AND GAS DOCKET NO. 08-0300429

**THE APPLICATION OF EOG RESOURCES, INC. FOR AN EXCEPTION TO STATEWIDE
RULE 32 TO FLARE GAS FROM THE BRUNSON 25-17, WELL 1H, BRUNSON 26-17-
1H WELL AND THE BRUNSON 22A 2H WELL, PHANTOM (WOLFCAMP) FIELD,
LOVING COUNTY, TEXAS**

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

HEARING DATE: July 12, 2016

CONFERENCE DATE: November 15, 2016

APPEARANCES:

REPRESENTING:

APPLICANT:
John K. Hicks
Eric Burkholder
Douglas Lowrie

EOG Resources, Inc.

EXAMINERS' REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

EOG Resources, Inc., (EOG) is requesting a two year flaring exception for the Brunson 25-17, Well 1H, Brunson 26-17- 1H Well and the Brunson 22A, 2H Well Phantom (Wolfcamp) Field, Loving County, Texas from 05/08/2016 through 05/08/2018.

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 that the application be approved.

DISCUSSION OF THE EVIDENCE

16 TAC §3.32(h) provides that an exception to flare casinghead 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.

EOG obtained an administrative permit, (Permit No. 26223), for the Brunson 25-17, Well 1H. The 25-17 1H Well was permitted to flare 200 MCFD of casinghead gas for 90 days, from 03/01/2016 through 05/31/2016. EOG obtained an administrative permit, (Permit No. 26228) for the Brunson 26-17 1H Well. The 26-17 1H Well was authorized to flare 300 MCFD of casinghead gas for 90 days, from 03/01/2016 through 05/31/2016. EOG obtained an administrative permit, (Permit No. 26230) for the Brunson 22A 2H Well. The 22A 2H Well was authorized to flare 300 MCFD of casinghead gas for 90 days, from 03/01/2016 through 05/31/2016.

On April 23, 2016, EOG requested a hearing to obtain a flaring exception by Final Order.

EOG Resources, Inc. is requesting an Exception to Statewide Rule 32 to flare casinghead gas from the Brunson 25-17, 1H Well, the Brunson 26-17- 1H Well and the Brunson 22A- 2H Well, Phantom (Wolfcamp) Field, Loving County, Texas for a period of two years from 05/08/2016 through 05/08/2018.

EOG is requesting a flare volume of 300 mcf/d for the Brunson 25-17, 1H Well, 300 mcf/d for the 26-17 1H Well, and 500 mcf/d for the 22-2H Well. EOG stated that the wells are connected to Regency Energy's high pressure sales pipeline in the area. The pipeline is at capacity and these wells flow on an interruptible basis and gets shut out of the pipeline when flow rates in other areas increase. This system has led to an unreliable sales situation for these wells as they can only flow when pipeline pressures and volumes are low. Additionally Regency has a pressure safety pressure valve set on the upstream side of their sales meter that protects their pipeline. If pipeline pressures approach the maximum operating pressure of their line, this safety valve vents excess gas to the atmosphere. EOG has set their compression system to flare before the maximum pressure is reached. EOG is currently evaluating a gas sales pipeline approximately two miles away, but has not yet contracted with the vendor. The two year flare permit is requested to give EOG time to identify reliable sales options, right of way purchase, complete pipeline construction and final hookup from the wells to the sales pipeline. Without the flaring exception EOG stated they would have to shut in production from the wells, possibly resulting in waste of hydrocarbon reserves.

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. EOG obtained an administrative permit, (Permit No. 26223), for the Brunson 25-17, Well 1H. The 25-171H Well was permitted to flare 200 MCFD of casinghead gas for 90 days, from 03/01/2016 through 05/31/2016.
3. EOG obtained an administrative permit, (Permit No. 26228), for the Brunson 26-17 1H Well. The 26-17 1H Well was authorized to flare 300 MCFD of casinghead gas for 90 days, from 03/01/2016 through 05/31/2016.
4. EOG obtained an administrative permit, (Permit No. 26230), for the Brunson 22A 2H Well. The 22A 2H Well was authorized to flare 300 MCFD of casinghead gas for 90 days, from 03/01/2016 through 05/31/2016.
5. On April 26, 2016 EOG requested a hearing to extend its flaring authority pursuant to Statewide Rule 32.
6. EOG is requesting a two year flare exception from 05/08/2016 through 05/08/2018.
7. EOG is requesting a flare volume of 300 mcf/d for the Brunson 25-17, 1H Well, 300 mcf/d for the 26-17 1H Well, and 500 mcf/d for the 22-2H Well.
8. The wells are connected to an interruptible pipeline.
9. This system has led to an unreliable sales situation for these wells as they can only flow when pipeline pressures and volumes are low.
10. EOG believes it does not have an economically feasible option for legal disposition of the flared gas at this time.
11. An exception to Statewide Rule 32 to flare casinghead gas will allow EOG to continue to produce from the Brunson 25-17, 1H Well, the Brunson 26-17-1H Well and the Brunson 22A- 2H Well.

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 casinghead gas for the three wells from 05/08/2016 through 05/08/2018 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 a two year exception to Statewide Rule 32 for the Brunson 25-17, 1H Well, the Brunson 26-17- 1H Well and the Brunson 22A- 2H Well as requested by EOG.

Respectfully submitted



Richard Eyster, P.G.
Technical Examiner



Jennifer Cook
Administrative Law Judge