

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

OIL AND GAS DOCKET NO. 01-0317867

**APPLICATION OF EXCO OPERATING COMPANY, LP (256915) FOR AN EXCEPTION
TO STATEWIDE RULE 32 FOR THE CALVERT RANCH FRO CENTRAL FACILITY IN
THE BRISCOE RANCH (EAGLEFORD) FIELD (12018200), FRIO COUNTY, TEXAS**

FINAL ORDER

The Railroad Commission of Texas ("Commission") finds that after notice in the above-docketed case was provided to all parties entitled to notice, a hearing was heard on April 18, 2019 by a Commission Technical Examiner and Administrative Law Judge. This proceeding was duly submitted to the Commission at a conference held in its offices in Austin, Texas. After considering this matter, the Commission adopts the following findings of fact and conclusions of law.

Findings of Fact

1. EXCO Operating Company, LP ("EXCO") seeks a two-year exception to Statewide Rule 32 ("Statewide Rule 32") for authority to flare a maximum of 1,800 thousand cubic feet per day ("Mcf") of casinghead gas from February 9, 2019, to February 8, 2021, from the central flare stack located at the Calvert Ranch FRO Central Facility on the Calvert Ranch FRO (17100) Lease, in the Briscoe Ranch (Eagleford) Field, Frio County, Texas. The central flare stack now serves the Calvert ranch FRO (17100) Lease, the Guy Bob FRO (18291) Lease, and the Guy Bob Unit FRO (19415) Lease.
2. EXCO submitted a request for hearing on the Statewide Rule 32 exception flaring authority on January 25, 2019, as amended in its requests filed on January 29, 2019, and on April 3, 2019.
3. EXCO was previously granted a two-year exception to Statewide Rule 32 to flare a maximum casinghead gas volume of 1,000 Mcfd from the Calvert Ranch FRO Lease under Flare Permit No. 18195, expiring September 23, 2019, a permanent Statewide Rule 32 exception to flare 50 Mcfd of casinghead gas from the Guy Bob FRO Lease under Flare Permit No. 21526, an administrative exception to flare a maximum of 250 Mcfd of casinghead gas from the Guy Bob FRO Lease under Flare Permit 36965 which expired February 8, 2019, and an administrative exception to Statewide Rule 32 to flare a maximum of 250 Mcfd from the Guy Bob FRO Unit Lease and the Guy Bob FRO Lease under Flare permit No. 39667 which expired on February 22, 2019. These individual flare stacks have all now been

diverted to a central flare stack at the Calvert Ranch FRO Central Facility on the Calvert Ranch FRO Lease.

4. On March 18, 2019 the Hearings Division of the Commission sent a Notice of Hearing ("Notice") to Applicant and all offsetting operators in the field setting a hearing date of April 18, 2019. Consequently, the parties received more than 10 days' notice. The Notice contains (1) a statement of the time, place, and nature of the hearing; (2) a statement of the legal authority and jurisdiction under which the hearing is to be held; (3) a reference to the particular sections of the statutes and rules involved; and (4) a short and plain statement of the matters asserted. The hearing was held on April 18, as noticed. Applicant appeared and participated at the hearing. No one appeared in protest.
5. The nearest gas pipeline, operated by Williams MLP Operating, LLC ("Williams"), is approximately 6.2 miles from the Calvert Ranch FRO Central Facility.
6. The Calvert Ranch FRO Lease produces sour casinghead gas in H₂S concentrations of approximately 604 parts per million, as stated on the Commission Form H-9, dated February 5, 2015. The Guy Bob FRO Lease produces sour casinghead gas in H₂S concentrations of approximately 377 parts per million, as stated on the Commission Form H-9, dated May 26, 2016. The Guy Bob Unit FRO Lease produces sour casinghead gas in H₂S concentrations of approximately 100 parts per million, as stated on the Commission Certificate of Compliance No. 103182, Statewide Rule 36, approval date January 29, 2019.
7. The cost to treat and connect the Calvert Ranch FRO Central Facility to the Williams gas pipeline, is estimated to be \$7,094,560 which exceeds the net gas revenue of \$1,103,926.36 from the three leases remaining reserves, making it uneconomical to construct a pipeline from the Lease to the Williams pipeline.
8. A gas pipeline to take the Lease casinghead gas is unavailable.
9. Based on a Lease production decline curve, the estimated volume of casinghead gas to be flared would be a maximum of 1,800 Mcfd.
10. The requested Statewide Rule 32 exception to flare a maximum of 1,800 Mcfd of casinghead gas is necessary for EXCO to produce the recoverable oil from the Lease.
11. At the hearing, EXCO agreed on the record that the Final Order in this docketed case is to be final and effective when a Master Order relating to this Final Order is signed.

Conclusions of Law

1. Proper notice was issued to persons entitled to notice. See, e.g., Tex. Gov't Code § 2001.051; 16 Tex. Admin. Code §§ 1.42, 1.45.
2. The Commission has jurisdiction in this case. See, e.g., Tex. Nat. Res. Code § 81.051.
3. Statewide Rule 32 requires gas to be utilized for purposes and uses authorized by law unless authorized. 16 Tex. Admin. Code § 3.32(b).
4. Statewide Rule 32 provides exceptions allowing the flaring of gas if certain requirements are met and the flaring is necessary. See, e.g., 16 Tex. Admin. Code § 3.32(f), (h).
5. EXCO has met the requirements in Statewide Rule 32 to flare a maximum of 1,800 Mcfd of casinghead gas and the flaring of such gas is necessary.
6. Pursuant to the provisions of Texas Government Code §2001.144(a)(4)(A), this Final Order can be final and effective on the date a Master Order relating to this Final Order is signed.

Ordering Provisions

It is **ORDERED** that EXCO Operating Company, LP (256915), Inc. is granted a two-year exception to Statewide Rule 32. Its request for authority to flare a maximum of 1,800 Mcfd, limited to 54,000 Mcf per month, of casinghead gas from the central flare stack located at the Calvert Ranch FRO Central Facility from February 9, 2019 to February 8, 2021, as reflected in attached Attachment A is **APPROVED**.

This authority is granted, provided all production is reported on the appropriate Commission forms. EXCO shall file the Statewide Rule 32 Exception Data Sheet and, shall file at the same time, the required fee for a Statewide Rule 32 exception for each individual flare point at the Calvert Ranch FRO Central Facility. See 16 Tex. Admin. Code § 3.32(h)(1).

Pursuant to § 2001.144(a)(4)(A) of the Texas Government Code and the agreement of the parties in writing or on the record, **the parties have waived the right**

to file a motion for rehearing and the Final Order in this case is final and effective on the date the Master Order relating to the Final Order is signed.

Signed on June 18, 2019

RAILROAD COMMISSION OF TEXAS

**(Order approved and signatures affixed by
Hearings Division's Unprotected Master
Order dated June 18, 2019)**

ATTACHMENT A – FLARE EXCEPTION AUTHORITY

Permit No.	Commingled Permit No. (If Applicable)	Lease Name, Individual Flare Stacks	Permit Start Date	Permit End Date	Maximum Flare Volume (Mcf/d & Mcf/m)	Casinghead Gas or Gas Well Gas
18195	N/A	Calvert Ranch FRO (17100) Lease, Calvert Ranch FRO Central Facility	February 9, 2019	February 8, 2021	1,800 Mcfd 54,000 Mcfm	Casinghead Gas

Note:
Mcf/d = Thousand Cubic Feet Per Day
Mcf/m = Thousand Cubic Feet Per Month