



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL AND GAS DOCKET NO. 01-0282183

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

HEARD BY: Richard D. Atkins, P.E. - Technical Examiner
Terry Johnson - Legal Examiner

DATE OF HEARING: May 13, 2013

ERR PREPARED BY: Paul Dubois

APPEARANCES: REPRESENTING:

APPLICANT:

Doug Dashiell
Jeffrey Perry

EOG Resources, Inc.

EXAMINERS' REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

EOG Resources, Inc. ("EOG") requests an exception to Statewide Rule 32 to flare 400 MCFPD of casinghead gas from May 4, 2013, to May 17, 2013, from the Four K Partners Lease, 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 Four K Partners Lease, 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 400 MCFPD of casinghead gas from May 4, 2013, through May 17, 2013, from the Four K Partners Lease, as provided by Statewide Rule 32(h).

The Four K Partners Lease is located in northern McMullen County, approximately 14 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. EOG had built a low pressure sweet gas gathering pipeline for the well, but when the gas was shown to be sour, with H₂S concentrations averaging 9,000 to 10,000 ppm, another pipeline was needed. The Four K Partners Lease is located approximately one mile from the nearest sour gas gatherer in the area, Access Midstream, L.P.

EOG submitted a copy of the Commission Form W-2 filed for its Four K Partners Lease, Well Nos. 1H and 2H that were completed in September 2012. The 1H well produced 1,084 BOPD, 410 MCFGPD and 2,477 BWPD with a gas-oil ratio of 378 cubic feet per barrel. The 2H well produced 973 BOPD, 429 MCFGPD and 3,056 BWPD with a gas-oil ratio of 440 cubic feet per barrel. EOG received administrative Permit No. 12271 to flare up to 750 MCFPD of casinghead gas from its Four K Partners Lease. The permit was effective November 1, 2012, and expired on May 3, 2013, after three extensions, which totaled the maximum 180 days allowed by an administrative permit.

EOG anticipates the Four K Partners Lease facilities will be connected to the Access Midstream sour gas pipeline on May 13, 2013, the day of the hearing, with flaring ending at that time. EOG requests an exception to Statewide Rule 32 to flare 400 MCFPD of casinghead gas from May 4, 2013, through May 17, 2013, from the Four K Partners Lease.

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 Four K Partners Lease is located in northern McMullen County, approximately 14 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 Four K Partners Lease, Well Nos. 1H and 2H, were completed in September 2012. The 1H and 2H wells produced 1,084 BOPD, 410 MCFGPD and 2,477 BWPD with a gas-oil ratio of 318 cubic feet per barrel, and 973 BOPD, 429 MCFGPD and 3,056 BWPD with a gas-oil ratio of 440 cubic feet per barrel, respectively.
 - c. The average H₂S concentration was 9,000 to 10,000 ppm.
 - d. The Four K Partners Lease is located approximately one mile from the nearest sour gas gatherer in the area, Access Midstream, L.P.
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 received administrative Permit No. 12271 to flare up to 750 MCFPD of casinghead gas from its Four K Partners Lease.
 - b. The permit was effective November 1, 2012, and expired on May 3, 2013, after three extensions, which totaled the maximum 180 days allowed by an administrative permit.
 4. EOG expects to connect the lease facilities to the Access Midstream sour gas pipeline on May 13, 2013 (the day of the hearing), at which time sales will begin and flaring will cease.
 5. An exception to Statewide Rule 32 to flare 400 MCFPD of casinghead gas from May 4, 2013, through May 17, 2013, from the Four K Partners Lease, is appropriate.

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 400 MCFPD of casinghead gas from May 4, 2013, through May 17, 2013, from the Four K Partners Lease, as requested by EOG Resources, Inc.

Respectfully submitted,



Paul Dubois
Technical Examiner



Terry Johnson
Legal Examiner