



# RAILROAD COMMISSION OF TEXAS

## HEARINGS DIVISION

**OIL AND GAS DOCKET NO. 01-0295236**

**THE APPLICATION OF EOG RESOURCES, INC. FOR AN EXCEPTION TO 16 TAC §3.32 FOR THE JOECKEL UNIT, EAGLEVILLE (EAGLE FORD-1) FIELD, WILSON COUNTY, TEXAS**

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**OIL AND GAS DOCKET NO. 01-0295237**

**THE APPLICATION OF EOG RESOURCES, INC. FOR AN EXCEPTION TO 16 TAC §3.32 FOR THE WATUSI UNIT, EAGLEVILLE (EAGLE FORD-1) FIELD, ATASCOSA COUNTY, TEXAS**

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**OIL AND GAS DOCKET NO. 01-0295243**

**THE APPLICATION OF EOG RESOURCES, INC. FOR AN EXCEPTION TO 16 TAC §3.32 FOR THE KAISER SENIOR B UNIT, EAGLEVILLE (EAGLE FORD-1) FIELD, ATASCOSA COUNTY, TEXAS**

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**OIL AND GAS DOCKET NO. 01-0295242**

**THE APPLICATION OF EOG RESOURCES, INC. FOR AN EXCEPTION TO 16 TAC §3.32 FOR THE FANNIN UNIT, EAGLEVILLE (EAGLE FORD-1) FIELD, ATASCOSA COUNTY, TEXAS**

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**OIL AND GAS DOCKET NO. 01-0295238**

**THE APPLICATION OF EOG RESOURCES, INC. FOR AN EXCEPTION TO 16 TAC §3.32 FOR THE DALL UNIT, EAGLEVILLE (EAGLE FORD-1) FIELD, ATASCOSA COUNTY, TEXAS**

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**HEARD BY:** Brian Fancher, P.G. – Technical Examiner  
Cecile Hanna – Legal Examiner

**HEARING DATE:** March 3, 2015  
**RECORD CLOSED:** March 3, 2015

**SUBMISSION DATE:** March 17, 2015

**CONFERENCE DATE:** March 24, 2015

**APPEARANCES:**

**REPRESENTING:**

**APPLICANT:**

Doug Dashiell  
Jeff Perry

EOG Resources, Inc.

**EXAMINERS' REPORT AND RECOMMENDATION**

**STATEMENT OF THE CASE**

EOG Resources, Inc. ("EOG") was the only party present at the public hearing held on March 3, 2015, to consider the above captioned dockets. At the hearing, counsel on behalf of EOG requested the following: (1) to withdraw its applications for the Fannin and Dall Units (Oil & Gas Docket Nos. 01-0295242 and 01-0295238); and (2) to consolidate the remaining applications into a joint record. These requests were granted by the Examiners at the hearing.

In summary, pursuant to 16 Tex. Admin. Code §3.32, EOG seeks authority to flare casing-head gas from each of the subject leases in the following manner:

1. Joeckel Unit: 75 MCFGD from 1/21/2015 to 1/21/2016;
2. Watusi Unit: 200 MCFGD from 1/21/2015 to 5/19/2015;
3. Kaiser Senior B Unit: 194 MCFGD from 1/21/15 to 3/3/15.

The applications are unopposed and the Examiners recommend that they be approved, as requested by EOG.

**DISCUSSION OF THE EVIDENCE**

Mr. Jeff Perry testified on behalf of EOG in the captioned dockets. Mr. Perry is employed by EOG as a Senior Foreman for Pipeline Integrity.

**Applicable Rules**

In general, 16 Tex. Admin. Code §3.32 ("SWR 32") governs the utilization for legal purposes of natural gas produced under the jurisdiction of the Railroad Commission. Titled "Exceptions," SWR 32(h) 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.

All offset operators for each captioned docket were provided notice and an opportunity to participate in the hearing.

### Joeckel Unit

EOG seeks authority to flare up to 75 MCFGD from the Joeckel Unit (Lease ID No. 01-18014) ("Joeckel") for a period of one year beginning on January 21, 2015. The Joeckel is comprised of one well (Well No. 1H; API No. 42-493-32782).

EOG received two administrative approvals from the Oil and Gas Division to flare casing-head gas for 180-days on the Joeckel as follows (Flare Permit No. 19621):

	<u>Volume (MCFGD)</u>	<u>Effective Date</u>	<u>Expiration Date</u>
1.	100	9/1/2014	11/30/2014
2.	100	12/1/2014	2/28/2015

Mr. Perry testified that EOG's administrative authority to flare on the Joeckel expired on February 28, 2015. Furthermore, EOG requested a hearing on the captioned docket for the Joeckel on January 21, 2015.

EOG submitted a Form H-9 (Certificate of Compliance Statewide Rule 36) for the Joeckel, which indicates that it produces gas that contains up to 800 parts per million of hydrogen-sulfide ("H<sub>2</sub>S").

Mr. Perry stated that all gas produced from the Joeckel has been flared since August 26, 2014. The rate of gas produced has steadily declined from 250 MCFGD to roughly 75 MCFGD. Mr. Perry projects that within one year the gas rate will fall below 50 MCFGD.

EOG has no intention to drill additional wells on the Joeckel. Based on a five year rate of return, Mr. Perry contends that EOG will lose approximately \$704,317 by connecting the Joeckel to the nearest sour-gas pipeline. In the alternative, if EOG treats the gas with H<sub>2</sub>S combatant it will lose \$460,846 by connecting the Joeckel to the nearest sweet-gas pipeline. Due to the above reasons, EOG seeks one year of flaring authority at 75 mcfg per day for the Joeckel.

### Watusi Unit

EOG seeks authority to flare up to 200 MCFGD from the Watusi Unit (Lease ID No. 01-17986) ("Watusi") for a period of one year beginning on January 21, 2015. The Watusi is comprised of one well (Well No. 1H; API No. 42-013-34772).

EOG received two administrative approvals from the Oil and Gas Division to flare casing-head gas for 180-days on the Joeckel as follows (Flare Permit No. 19753):

	<u>Volume (MCFGD)</u>	<u>Effective Date</u>	<u>Expiration Date</u>
1.	300	9/20/2014	12/19/2014
2.	300	12/20/2014	3/19/2015

Mr. Perry testified that EOG's administrative authority to flare on the Joeckel expired on March 19, 2015. Furthermore, EOG requested a hearing on the captioned docket for the Watusi on January 21, 2015.

Mr. Perry testified that the Watusi Unit is expected to be connected to a gas sales pipeline by late-April 2015. In the interim, EOG requests to flare casinghead gas produced on the Watusi in order to avoid shutting in its respective well. The Watusi Unit produces H<sub>2</sub>S-gas at concentrations up to 2,000 ppm.

#### Kaiser Senior B Unit

EOG seeks authority to flare up to 194 MCFGD from the Kaiser Senior B Unit (Lease ID No. 01-17355) ("Kaiser") from January 21 through March 3, 2015. The Kaiser is comprised of one well (Well No. 1H; API No. 42-013-34779).

EOG received three administrative approvals from the Oil and Gas Division to flare casing-head gas for 180-days on the Joeckel as follows (Flare Permit No. 16482):

	<u>Volume (MCFGD)</u>	<u>Effective Date</u>	<u>Expiration Date</u>
1.	250	2/04/2014	3/21/2014
2.	250	3/22/2014	7/2/2014
3.	250	11/17/2014	1/2/2015

Mr. Perry testified that EOG's administrative authority to flare on the Kaiser expired on January 2, 2015. Furthermore, EOG requested a hearing on the captioned docket for the Kaiser on January 21, 2015.

EOG submitted a Form H-9 (Certificate of Compliance Statewide Rule 36) for the Joeckel, which indicates that it produces gas that contains up to 7,000 parts per million of H<sub>2</sub>S.

Mr. Perry indicated that at the time of the hearing, no gas was flared from the Kaiser. Mr. Perry stated that the Kaiser was initially connected to a Regency gas-sales pipeline around March 2014. Subsequently, EOG intermittently experienced the need to flare gas due to pipeline pressure maintenance issues. Mr. Perry testified that Regency's pipeline system is made of high-pressure pipelines (about 1,100 to 1,200 pounds per square inch). Since that time, EOG has established a more reliable gas-sales pipeline connection (*i.e.*, low pressure system) and is selling all of the gas derived from the Kaiser.

### FINDINGS OF FACT

1. EOG Resources, Inc. ("EOG") seeks an exception to 16 Texas Admin. Code §3.32 to flare casing-head gas derived from the Eagleville (Eagle Ford-1) Field on the Joeckel Unit, Watusi Unit, and Kaiser Senior B Unit in the following manner:
  - a. Joeckel Unit: 75 MCFGD from 1/21/2015 to 1/21/2016;
  - b. Watusi Unit: 200 MCFGD from 1/21/2015 to 5/19/2015;
  - c. Kaiser Senior B Unit: 194 MCFGD from 1/21/15 to 3/3/15.
2. EOG's applications for flaring exceptions for Oil and Gas Docket Numbers 01-0295242 and 01-0295238 are withdrawn in accordance with the applicant's request at the hearing held on March 2, 2015.
3. Notice of Hearing was provided to all immediate offsetting operators adjacent to the subject units in the immediate cases heard on March 2, 2015.
4. EOG received administrative authority to flare the listed casing-head gas volume that corresponds with each of the subject units during the following time frames (MCFGD represents 1,000 cubic feet of gas per day):
 

a. Joeckel Unit:	9/1/14 through 2/28/15;	100 MCFGD
b. Watusi Unit:	9/20/14 through 3/19/15;	300 MCFGD
c. Kaiser Senior B Unit:	2/04/14 through 7/2/14;	250 MCFGD
	11/17/14 through 1/2/15	250 MCFGD
5. EOG's administrative authority to flare from each of the subject leases expired on the following days:
  - a. Joeckel Unit: 2/28/15;
  - b. Watusi Unit: 3/19/15;
  - c. Kaiser Senior B Unit: 7/2/14 and 1/2/15.
6. EOG submitted a hearing request to the Commission for the subject applications on January 21, 2015.
7. Approval of the subject application is reasonable and appropriate, pursuant to 16 Tex. Admin. Code §3.32.

### 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. Legally sufficient notice has been provided to all affected persons.

3. The requested rates and time frames to flare casing-head gas, as described in Finding of Fact No. 1, satisfies the requirements of Title 16 TAC §§3.32.

**EXAMINERS' RECOMMENDATION**

Based on the above findings of fact and conclusions of law, the examiners recommend that the Commission grant exceptions to flare up casing-head gas from the subject leases as described in Finding of Fact No. 1 above.

Respectfully submitted,



Brian Fancher, P.G.  
Technical Examiner



Cecile Hanna  
Legal Examiner