



# RAILROAD COMMISSION OF TEXAS

## HEARINGS DIVISION

**OIL & GAS DOCKET NO. 01-0300424**

---

**THE APPLICATION OF U.S. ENERGY DEVELOPMENT CORPORATION FOR AN EXCEPTION TO STATEWIDE RULE 32 FOR FLARE GAS PERMIT FOR THE HIDEAWAY A LEASE, WELL NOS. A1, A2, & A3, BRISCOE RANCH (EAGLEFORD) FIELD IN FRIO AND ZAVALA COUNTIES, TEXAS**

---

**HEARD BY:** Peggy Laird, P.G. – Technical Examiner  
Dana Lewis – Administrative Law Judge

**HEARING DATE:** June 29, 2016

**CONFERENCE DATE:** January 24, 2017

**APPEARANCES:**

**REPRESENTING:**

**APPLICANT:**

Dale E. Miller  
Robert Thaxton

U.S. Energy Development Corporation

### **EXAMINERS' REPORT AND RECOMMENDATION**

#### **STATEMENT OF THE CASE**

U.S. Energy Development Corporation ("USED") seeks an exception to Statewide Rule 32 (16, Tex. Admin. Code §3.32) to flare gas from the Hideaway A Lease, Well Nos. A1, A2, & A3, Briscoe Ranch (Eagleford) Field in Frio and Zavala Counties, Texas. All offset operators in the subject field were notified of the hearing. There were no objections filed, and no protestants appeared at the hearing. The Technical Examiner and Administrative Law Judge (collectively, "Examiners") recommend approval of the exception to Statewide 32.

2. The Hideaway A Lease is one of five leases operated by USEDCC in Frio and Zavala Counties.
3. USEDCC received administrative authority (Permit No. 25484) to flare up to 95 MCFD for 120 days from November 14, 2015 through March 3, 2016, and for 70 days from March 14, 2016 through May 13, 2016.
4. Williams MLP Operating LLC proposed to build a 4.24-mile pipeline to connect the Hideaway A Lease to gas sales. The pipeline has not been built.
5. The Hideaway A Lease and the other USEDCC leases in the area produce low amounts of gas.
6. The gas produced from the Hideaway A and the other USEDCC leases has high H<sub>2</sub>S concentrations and requires treatment, adding operational expense.
7. The total gas revenue after connecting to the pipeline would result in a combined loss of \$2,504,308 from the Hideaway A Lease and the other USEDCC leases.

#### **CONCLUSIONS OF LAW**

1. All things have occurred and been accomplished to give the Commission jurisdiction in this matter. Tex. Nat. Res. Code § 81.051
2. Proper notice of this hearing was given to all parties entitled to notice at least 10 days prior to the hearing. 16 Tex. Admin. Code § 3.32
3. The requested exception to flare casinghead gas 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 an exception to Statewide Rule 32 for the Hideaway A Lease, Well Nos. A1, A2, & A3, Briscoe Ranch (Eagleford) Field in Frio and Zavala Counties, Texas, as requested by USEDCC.

Respectfully submitted,



Peggy Laird, P.G.  
Technical Examiner



Dana Lewis  
Administrative Law Judge

