



# RAILROAD COMMISSION OF TEXAS

## HEARINGS DIVISION

**OIL & GAS DOCKET NO. 8A-0307226**

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**THE APPLICATION OF STEWARD ENERGY II, LLC FOR AN EXCEPTION TO STATEWIDE RULE 32 TO FLARE CASINGHEAD GAS FOR THE BACKSLIDER 582 LEASE, NEVERMIND 451 LEASE, BANJO BILL 452 LEASE, MOONDANCE 534 LEASE, PLANTANG (SAN ANDRES) FIELD, YOAKUM COUNTY, TEXAS**

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**HEARD BY:** Richard Eyster, P. G. – Technical Examiner  
Ryan Lammert – Administrative Law Judge

**HEARING DATE:** November 30, 2017

**CONFERENCE DATE:** January 23, 2018

**APPEARANCES:**

James M. Clark, P.E.

Steward Energy II, LLC

**EXAMINERS' REPORT AND RECOMMENDATION**

**STATEMENT OF THE CASE**

Steward Energy II, LLC (Steward) seeks an exception to Statewide Rule 32 (16 Tex. Admin. Code §3.32) to flare casinghead gas from the Backslider 582 Lease, Nevermind 451 Lease, Banjo Bill 452 Lease, and the Moondance 534 Lease, Plantang (San Andres) Field, Yoakum County, Texas. The application is not protested and the Technical Examiner and the Administrative Law Judge (collectively the Examiners) recommend the exception be granted.

**DISCUSSION OF THE EVIDENCE**

Statewide Rule 32 governs the utilization of gas well gas and casinghead gas produced by oil and gas wells under the jurisdiction of the Railroad Commission. Steward stated that the Platang Field is an oil reservoir and the casinghead gas accounts for a small percentage of the overall revenue stream. The casinghead gas from the four leases is under a dedicated contract for delivery to a gas gathering system operated by Targa

Midstream Service, LLC. Due to the rapid development of this play the maximum line pressure of the Targa has been reached and Targa cannot accept additional gas. The gathering line pressure restraints results in Steward needing to flare a portion of the produced gas each month. To be able to sell all the produced gas Steward has signed a contract with Stakeholder Midstream, LLC which is supposed to come on line by the 4<sup>th</sup> quarter of 2018.

Steward is requesting to flare for a two year period from November 12,2017 through November 12, 2019 at the following volumes for each lease.

Backslider 582 Lease - 800 mcf/d

Nevermind 451 Lease - 700 mcf/d

Banjo Bill 452 Lease - 3,000 mcf/d

Moondance 534 Lease – 800 mcf/d

#### **FINDINGS OF FACT**

1. Notice of this hearing was given to all parties entitled to notice at least ten days prior to the date of hearing.
2. Steward applied for a hearing to extend the flaring authority more than 21 days before the administrative permits expired.
3. Steward is requesting to flare for a two year period from November 12, 2017 through November 12, 2019 at the following volumes for each lease.
  - a. Backslider 582 Lease - 800 mcf/d
  - b. Nevermind 451 Lease - 700 mcf/d
  - c. Banjo Bill 452 Lease - 3,000 mcf/d
  - d. Moondance 534 Lease – 800 mcf/d
4. Due to the rapid development of this play the maximum line pressure of the Targa has been reached and Targa cannot accept additional gas.
5. Without a Final order authorizing the flaring, Steward will have to shut the wells in causing waste and possible harm to the reservoir.


**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. All notice requirements have been satisfied. 16 Tex. Admin. Code §§ 1.43 and 1.45.
3. Steward Energy, LLC has met the requirements in 16 Tex. Admin. Code § 3.32 for an exception to the limitations in that section regarding the requested authority to flare casinghead gas produced from the four leases.

**EXAMINERS' RECOMMENDATION**

Based on the above findings of fact and conclusions of law, the Examiners recommend the Commission enter an order approving the application as requested by Steward Energy, LLC.

Respectfully submitted,



Richard Eyster, P. G.  
Technical Examiner



Ryan Lammert  
Administrative Law Judge