



# RAILROAD COMMISSION OF TEXAS

## HEARINGS DIVISION

**OIL AND GAS DOCKET No. 8A-0309595**

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**THE APPLICATION OF STEWARD ENERGY II, LLC (OPERATOR No. 819609) FOR AN EXCEPTION TO STATEWIDE RULE 32 FOR THE CLUTTERED MIND 583 (70376) LEASE AND THE PARADISE CITY 583 LEASE (DP No. 826119), PLATANG (SAN ANDRES) FIELD, YOAKUM COUNTY, TEXAS**

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**HEARD BY:** Karl Caldwell – Technical Examiner  
Jennifer Cook – Administrative Law Judge

**HEARING DATE:** May 2, 2018  
**CONFERENCE DATE:** August 21, 2018

**APPEARANCES:** **REPRESENTING:**

**APPLICANT:**

James M. Clark, P.E.                      Steward Energy II, LLC

### EXAMINERS' REPORT AND RECOMMENDATION

#### STATEMENT OF THE CASE

Steward Energy II, LLC (Steward) seeks a Statewide Rule 32 exception renewal for the Cluttered Mind 583 (70376) Lease and the Paradise City 583 Lease (DP No. 826119), Platang (San Andres) Field, Yoakum County, Texas. Notice of the application was provided to all offset operators in the Platang (San Andres) Field. The application is unopposed and the Technical Examiner and Administrative Law Judge (collectively, "Examiners") recommend approval of the application.

#### 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(j) Opportunity for hearing states that an operator may request a hearing on any application for an exception, or exception renewal required by this section. The

Commission received a hearing request for a Statewide Rule 32 exception renewal for the Cluttered Mind 583 Lease and the Paradise City 583 Lease on February 23, 2018. Steward was granted Flare Permit No. 32555 to flare a maximum of 1,000 Mcfd of casinghead gas for CP No. 8A-5468, effective December 12, 2017 through March 12, 2018.

Steward Energy II, LLC. (Steward) is requesting a Statewide Rule 32 exception renewal for Flare Permit No. 32555 to flare a maximum of 1,000 Mcfd from the Cluttered Mind and Paradise City central flare point, effective March 13, 2018 to March 13, 2020. The Cluttered Mind 583 and Paradise City 583 Leases surface commingle production at a tank battery on the Cluttered Mind Lease and share a common flare stack. There are currently two wells on the Cluttered Mind 583 Lease and one producing well on the Paradise City 583 Lease. The Paradise City 583, Well No. 3H is planned to be completed later in 2018. The casinghead gas from these leases is under a dedicated contract for delivery into a gas gathering system operated by Targa Midstream Service, LLC, and ultimately to Targa's gas plants for processing. Due to the rapid development of this play, the maximum line pressure of the Targa gathering system has been reached and cannot accept additional gas. Presently, as much gas as possible goes to Targa, but Targa's capacity constraint results in a need to flare a percentage of the casinghead gas volume each month. Steward has signed a contract with Stakeholder Midstream, LLC to install additional gas gathering capacity to sell the gas that is presently being flared. The Stakeholder gas gathering system and gas plant are expected to be in operation by the fourth quarter of 2018.

For the application, Steward agreed, that, pursuant to the provisions of Texas Government Code §2001.144(a)(4)(A), the Final Orders shall be final and effective on the date a Master Order relating to this Final Order is signed.

#### **FINDINGS OF FACT**

1. Notice of this application and notice of hearing was provided to offset operators at least ten days prior to the date of hearing. The application is unopposed.
2. The Commission received a hearing request for a Statewide Rule 32 exception renewal for the Cluttered Mind 583 Lease and the Paradise City 583 Lease on February 23, 2018.
3. Steward was granted Flare Permit No. 32555 to flare a maximum of 1,000 Mcfd of casinghead gas for CP No. 8A-5468, effective December 12, 2017 through March 12, 2018.
4. Steward Energy II, LLC. (Steward) is requesting a Statewide Rule 32 exception renewal for Flare Permit No. 32555 to flare a maximum of 1,000 Mcfd from the Cluttered Mind and Paradise City central flare point, effective March 13, 2018 to March 13, 2020.

- a. The Cluttered Mind 583 and Paradise City 583 Leases surface commingle production at a tank battery on the Cluttered Mind Lease and share a common flare stack.
  - b. There are currently two wells on the Cluttered Mind 583 Lease and one producing well on the Paradise City 583 Lease. The Paradise City 583, Well No. 3H is planned to be completed later in 2018.
  - c. The casinghead gas from these leases is under a dedicated contract for delivery into a gas gathering system operated by Targa Midstream Service, LLC, and ultimately to Targa's gas plants for processing.
  - d. Due to the rapid development of this play, the maximum line pressure of the Targa gathering system has been reached and cannot accept additional gas. Presently, as much gas as possible goes to Targa, but Targa's capacity constraint results in a need to flare a percentage of the casinghead gas volume each month.
  - e. Steward has signed a contract with Stakeholder Midstream, LLC to install additional gas gathering capacity to sell the gas that is presently being flared. The Stakeholder gas gathering system and gas plant are expected to be in operation by the fourth quarter of 2018.
5. For the application, Steward agreed, that, pursuant to the provisions of Texas Government Code §2001.144(a)(4)(A), these Final Orders shall be final and effective on the date a Master Order relating to these Final Orders is signed.

#### **CONCLUSIONS OF LAW**

1. 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. Title 16, Texas Administrative Code 3.32(h) provides for an exception to Statewide Rule 32.
4. Pursuant to §2001.144(a)(4)(A), of the Texas Government Code, and the agreement of the applicant, the Final Order is final and effective when a Master Order relating to this Final Order is signed.

**EXAMINERS' RECOMMENDATION**

Based on the above findings of fact and conclusions of law, the Examiners recommend that the Commission grant a Statewide Rule 32 exception renewal for the Flare Permit No. 32555 to flare a maximum of 1,000 Mcfd from the Cluttered Mind and Paradise City central flare point, effective March 13, 2018 to March 13, 2020.

Respectfully submitted,



Karl Caldwell  
Technical Examiner



Jennifer Cook  
Administrative Law Judge