



# RAILROAD COMMISSION OF TEXAS

## HEARINGS DIVISION

OIL & GAS DOCKET NO. 8A-0312064

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APPLICATION OF STEWARD ENERGY II, LLC (819609) FOR AN EXCEPTION TO STATEWIDE RULE 32 FOR LEASES UNDER THE SURFACE COMINGLING PERMIT NO. 8A-5480, PLATANG (SAN ANDRES) FIELD, YOAKUM COUNTY, TEXAS

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HEARD BY: Petar Buva – Technical Examiner  
Lynn Latombe – Administrative Law Judge

HEARING DATE: September 21, 2018

CONFERENCE DATE: October 16, 2018

APPEARANCES: REPRESENTING:

APPLICANT: Steward Energy II, LLC

James M. Clark (Engineer)

### EXAMINERS' REPORT AND RECOMMENDATION

#### STATEMENT OF THE CASE

Steward Energy II, LLC (819609) is requesting a Statewide Rule 32 exception for the Greasy Bend 584 (70376), Well No. 2H, and Madjack 522 (70385), Well Nos. 2H and 3H, in the Platang (San Andres) Field, Yoakum County, Texas, surface comingled under the Surface Comingling Permit No. 8A-5480. Notice of the application was provided to offset operators in the field and no protest to the application was received. The application is unopposed and the Technical Examiner and Administrative Law Judge (collectively, "Examiners") recommend approval of a Statewide Rule 32 exception for the flare point associated with the Surface Comingling Permit No. 8A-5480 as requested by Steward Energy II, LLC ("Steward").

#### 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.

Steward requests an exception to Statewide Rule 32 for the Greasy Bend 584 (70376), Well No. 2H, and Madjack 522 (70385), Well Nos. 2H and 3H, surface commingled under the Surface Commingling Permit No. 8A-54980. The prior administrative flaring exception for the Surface Commingling Permit No. 8A-5480, Flaring Permit No. 33950 authorized flaring from March 30, 2018 through June 28, 2018 for a total of 90 days and maximum of 1,000 thousand cubic feet (MCF) per day.

Steward filed a hearing request on June 4, 2018. Steward requests permission to flare a maximum of 1,500 MCF per day of casinghead gas for up to 2 years from June 29, 2018 to June 29, 2020 as an extension of the Flare Permit No. 33950.

Steward requests flaring in anticipation of finalizing pipeline construction and for routine maintenance or sales line unavailability after the pipeline is constructed.

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

#### **FINDINGS OF FACT**

1. Notice of this hearing was given to offset operators in the subject field at least ten days prior to the date of hearing. There were no protests to the application.
2. On June 4, 2018, the Commission received a hearing request from Steward for an exception to Statewide Rule 32 for the four leases commingled under the Surface Commingling Permit No. 8A-5480, the Greasy Bend 584 (70376), Well No. 2H, and Madjack 522 (70385), Well Nos. 2H and 3H.
3. Steward requests an exception to Statewide Rule 32 in the application for a period of two years from June 29, 2018 through June 29, 2020 to flare a maximum of 1,500 MCF per day of casinghead gas.
4. Steward requested a hearing on June 4, 2018. The hearing was held on September 21, 2018.
5. The two leases commingled under the Surface Commingling Permit No. 8A-5480, the Greasy Bend 584 (70376), Well No. 2H, and Madjack 522 (70385), Well Nos. 2H and 3H, are currently flaring pursuant to Flare Permit No. 33950. The flare point is at the Greasy Bend 584 Lease.

6. Steward agreed in writing or on the record that, pursuant to the provisions of Texas Government Code §2001.144(a)(4)(A), this Final Order can be final and effective on the date a Master Order relating to this Final Order is signed.

**CONCLUSIONS OF LAW**

1. Notice was issued as required by applicable statutes and commission rules.
2. All things have occurred and been accomplished to give the Commission jurisdiction in this matter.
3. Title 16, Texas Administrative Code Section 3.32(h)(4) provides for an exception for more than 180 days and for volumes greater than 50 MCF per day.
4. Pursuant to §2001.144(a)(4)(A) of the Texas Government Code and by agreement of the parties in writing or on the record, the Final Order can be final and effective when a Master Order relating to this Final Order is signed.

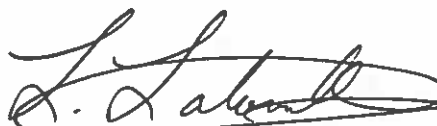
**EXAMINERS' RECOMMENDATION**

Based on the above findings of fact and conclusions of law, the Examiners recommend that the Commission grant an exception to Statewide Rule 32 from June 29, 2018 through June 29, 2020 of maximum 1,500 MCF per day for the two leases commingled under the Surface Commingling Permit No. 8A-5491, in the Platang (San Andres) Field, Yoakum County, Texas as requested by Steward Energy II, LLC.

Respectfully submitted,



Petar Buva  
Technical Examiner



Lynn Latombe  
Administrative Law Judge