



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL & GAS DOCKET NO. 8A-0313022

APPLICATION OF STEWARD ENERGY II, LLC (819609) FOR AN EXCEPTION TO STATEWIDE RULE 32 FOR MADJACK 522 (70385) LEASE AND ONE EYED JOHN 522 (70391), PLATANG (SAN ANDRES) FIELD, YOAKUM COUNTY, TEXAS

HEARD BY: Petar Buva – Technical Examiner
Clayton J. Hoover – Administrative Law Judge

HEARING DATE: September 18, 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 Madjack 522 (70385) Lease, Well No. 1H, and the wells on One Eyed John 522 (70391) Lease, in the Platang (San Andres) Field, Yoakum County, Texas. There are no offset operators in the field and no protest to the application was received. The application is unprotested 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 Madjack 522 (70385) Lease and One Eyed John 522 (70391) Lease 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 its flare point associated with the Madjack 522 (70385) Lease, Well No. 1H, and wells on the One Eyed John 522 (70391) Lease. The prior administrative flaring exception for Madjack 522 Lease, Well No. 1-H, permit No. 34432, authorized flaring from May 5, 2018 through August 3, 2018 for a total of 90 days and maximum of 300 MCF per day. The wells on the One Eyed Jack 522 Lease are currently flaring pursuant to Flare Permit No. 29273 which was granted per Oil and Gas Docket No. 8A-0306154.

Effective September 1, 2018, Madjack 522 Lease, Well No. 1H, and the wells from the One Eyed Jack 522 Lease are permitted for the surface comingling. Steward seeks to consolidate the two existing flare permits for these leases into a single flare point so that the wells from the One Eyed John 522 Lease and the Madjack 522 No. 1H are authorized flare at the Madjack 522 No. 1H tank battery.

Steward filed a hearing request on July 12, 2018. Steward requests permission to flare a maximum of 2,500 thousand cubic feet (MCF) per day of casinghead gas for up to 2 years from August 4, 2018 to August 4, 2020 as an extension of the Flare Permit No. 34432.

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 July 12, 2018, the Commission received a hearing request from Steward for an exception to Statewide Rule 32 for the Madjack 522 (70385) Lease, Well No. 1H, and the wells on One Eyed John 522 (70391) Lease.
3. Steward requests an exception to Statewide Rule 32 in the application for a period of two years from August 4, 2018 through August 4, 2020 to flare a maximum of 2,500 MCF per day of casinghead gas.
4. Well No. 1H, Madjack 522 Lease, was flaring under the prior administrative flaring permit No. 34432 that expired on August 3, 2018.

5. The wells on the One Eyed Jack 522 Lease are currently flaring pursuant to Flare Permit No. 29273 which was granted per Oil and Gas Docket No. 8A-0306154.
6. Effective September 1, 2018, Madjack 522 Lease, Well No. 1H, and all the wells from the One Eyed Jack 522 Lease are permitted for the surface comingling.
7. 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.

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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.

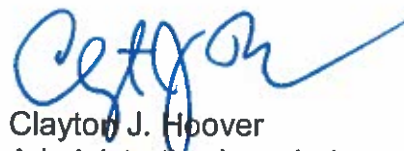
EXAMINERS' RECOMMENDATION

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 August 4, 2018 through August 4, 2020 of maximum 2,500 MCF per day per Flare Permit No. 34332 for the Madjack 522 (70385) Lease, Well No. 1H, and all the wells on One Eyed John 522 (70391) Lease, in the Platang (San Andres) Field, Yoakum County, Texas as requested by Steward Energy II, LLC.

Respectfully submitted,



Petar Buva
Technical Examiner



Clayton J. Hoover
Administrative Law Judge