



# RAILROAD COMMISSION OF TEXAS

## HEARINGS DIVISION

OIL & GAS DOCKET NO. 8A-0313370

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APPLICATION OF STEWARD ENERGY II, LLC (819609) FOR AN EXCEPTION TO STATEWIDE RULE 32 FOR FOUR LEASES SURFACE COMMINGLED UNDER THE SURFACE COMMINGLING PERMIT NO. 8A-5491, PLATANG (SAN ANDRES) FIELD, YOAKUM COUNTY, TEXAS

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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 Weatherby 433 Lease, Kimber 434 Lease, Beretta 385 Lease, and Benelli 433 Lease in the Platang (San Andres) Field, Yoakum County, Texas. 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 Weatherby 433 Lease flare location 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 four leases commingled under the Surface Commingling Permit No. 8A-5491, the Weatherby 433 Lease (flare location), Kimber 434 Lease, Beretta 385 Lease, and Benelli 433 Lease. The prior administrative flaring exception for the Surface Commingling Permit No. 8A-5491, Weatherby 433 Lease, Flaring Permit No. 33572 authorized flaring from February 10, 2018 through May 11, 2018 and from May 13, 2018 through August 10, 2018 for a total of 180 days and maximum of 600 MCF per day.

Steward filed a hearing request on July 20, 2018. Steward requests permission to flare a maximum of 800 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 20, 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-5491, the Weatherby 433 Lease (flare location), Kimber 434 Lease, Beretta 385 Lease, and Benelli 433 Lease.
3. Steward requests an exception to Statewide Rule 32 in the application for a period of two years from August 11, 2018 through August 11, 2020 to flare a maximum of 800 MCF per day of casinghead gas.
4. Steward requested a hearing on July 20, 2018. The hearing was held on September 18, 2018.
5. The four leases commingled under the Surface Commingling Permit No. 8A-5491, the Weatherby 433 Lease, Kimber 434 Lease, Beretta 385 Lease, and Benelli 433 Lease are currently flaring pursuant to Flare Permit No. 33572. The flare point is at the Weatherby 433 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 August 11, 2018 through August 11, 2020 of maximum 800 MCF per day for the four 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



Clayton C. Hoover  
Administrative Law Judge