



# RAILROAD COMMISSION OF TEXAS

## HEARINGS DIVISION

**OIL & GAS DOCKET NOS. 08-0312056**

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**APPLICATION OF SM ENERGY COMPANY (788997) FOR AN EXCEPTION TO STATEWIDE RULE 32 FOR THE ICEMAN (49061) LEASE, SPRABERRY (TREND AREA) FIELD, HOWARD COUNTY, TEXAS**

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**HEARD BY:** Petar Buva – Technical Examiner  
Kristi M. Reeve – Administrative Law Judge

**HEARING DATE:** September 11, 2018

**CONFERENCE DATE:** January 23, 2019

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

**APPLICANT:** SM Energy Company

Devin McGinnis (Attorney)  
James M. Clark (Engineer)

### EXAMINERS' REPORT AND RECOMMENDATION

#### STATEMENT OF THE CASE

SM Energy Company (788997) ("SM") is requesting a Statewide Rule 32 flaring exception for the Iceman (49061) Lease, in the Spraberry (Trend Area) Field, Howard County, Texas. Notice of the application was provided to offset operators in the field and no protests were 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 Iceman (49061) Lease, in the Spraberry (Trend Area) Field, Howard County, Texas as requested by SM.

#### 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 a flaring exception, or flaring exception renewal required by this section.

SM requests an exception to Statewide Rule 32 for its flare point located on the Iceman (49061) Lease. SM requests permission to flare a maximum of 75,000 thousand cubic feet (MCF) per month of casinghead gas for up to 2 years from September 1, 2018 to September 1, 2020.

SM filed a hearing request on June 4, 2018. The prior administrative flaring exception, Flare Permit No. 33405, authorized flaring from April 28, 2018 through June 28, 2018.

SM requests flaring during routine maintenance or sales line unavailability.

SM 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 SM for an exception to Statewide Rule 32 for flaring point associated with the Iceman (49061) Lease.
3. SM requests an exception to Statewide Rule 32 in the application for a period of two years from September 1, 2018 through September 1, 2020 to flare a maximum of 75,000 MCF per month of casinghead gas.
4. Flare point associated with the Iceman (49061) Lease was flaring under the Flare Permit No. 33405 that expired on June 28, 2018.
5. SM 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. The requested authority to flare casinghead gas satisfies the requirements of Statewide Rule 32. 16 Tex. Admin. Code § 3.32(h).
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 September 1, 2018 through September 1, 2020 of maximum 75,000 MCF per month for the flare point associated with the Loudamy 45 (40989) Lease, in the Spraberry (Trend Area) Field, Howard County, Texas as requested by SM Energy Company.

Respectfully submitted,

  
Petar Buva  
Technical Examiner

  
Kristi M. Reeve  
Administrative Law Judge