

CHRISTI CRADDICK, *CHAIRMAN*  
RYAN SITTON, COMMISSIONER  
WAYNE CHRISTIAN, COMMISSIONER



DANA AVANT LEWIS, DIRECTOR

## RAILROAD COMMISSION OF TEXAS HEARINGS DIVISION

**OIL AND GAS DOCKET NO. 01-0314895**

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**APPLICATION OF SEA EAGLE FORD, LLC (760785) FOR AN EXCEPTION TO STATEWIDE RULE 32 FOR THE DUSEK EFS LEASE, EAGLEVILLE (EAGLE FORD-1) FIELD, MCMULLEN COUNTY, TEXAS**

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**OIL AND GAS DOCKET NO. 01-0314897**

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**APPLICATION OF SEA EAGLE FORD, LLC (760785) FOR AN EXCEPTION TO STATEWIDE RULE 32 FOR THE TEAL RANCH EFS LEASE, EAGLEVILLE (EAGLE FORD-1) FIELD, MCMULLEN COUNTY, TEXAS**

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**OIL AND GAS DOCKET NO. 01-0314898**

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**APPLICATION OF SEA EAGLE FORD, LLC (760785) FOR AN EXCEPTION TO STATEWIDE RULE 32 FOR THE QUINTANILLA SMEF LEASE, EAGLEVILLE (EAGLE FORD-1) FIELD, MCMULLEN COUNTY, TEXAS**

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**OIL AND GAS DOCKET NO. 01-0314899**

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**APPLICATION OF SEA EAGLE FORD, LLC (760785) FOR AN EXCEPTION TO STATEWIDE RULE 32 FOR THE QUINTANILLA CCR EFS LEASE, EAGLEVILLE (EAGLE FORD-1) FIELD, MCMULLEN COUNTY, TEXAS**

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**OIL AND GAS DOCKET NO. 01-0314900**

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**APPLICATION OF SEA EAGLE FORD, LLC (760785) FOR AN EXCEPTION TO STATEWIDE RULE 32 FOR THE Q BALLARD EFS LEASE, EAGLEVILLE (EAGLE FORD-1) FIELD, MCMULLEN COUNTY, TEXAS**

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**OIL AND GAS DOCKET NO. 01-0314901**

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**APPLICATION OF SEA EAGLE FORD, LLC (760785) FOR AN EXCEPTION TO STATEWIDE RULE 32 FOR THE Q KIEL EFS LEASE, EAGLEVILLE (EAGLE FORD-1) FIELD, MCMULLEN COUNTY, TEXAS**

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**OIL AND GAS DOCKET NO. 01-0314902**

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**APPLICATION OF SEA EAGLE FORD, LLC (760785) FOR AN EXCEPTION TO STATEWIDE RULE 32 FOR THE PHELAN EFS LEASE, EAGLEVILLE (EAGLE FORD-1) FIELD, MCMULLEN COUNTY, TEXAS**

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**OIL AND GAS DOCKET NO. 01-0314903**

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**APPLICATION OF SEA EAGLE FORD, LLC(760785) FOR AN EXCEPTION TO STATEWIDE RULE 32 FOR THE PEELER RANCH EFS LEASE, EAGLEVILLE (EAGLE FORD-1) FIELD, ATASCOSA COUNTY, TEXAS**

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**OIL AND GAS DOCKET NO. 01-0314904**

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**APPLICATION OF SEA EAGLE FORD, LLC (760785) FOR AN EXCEPTION TO STATEWIDE RULE 32 FOR THE PEELER EFS LEASE, EAGLEVILLE (EAGLE FORD-1) FIELD, MCMULLEN COUNTY, TEXAS**

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**OIL AND GAS DOCKET NO. 01-0314905**

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**APPLICATION OF SEA EAGLE FORD, LLC (760785) FOR AN EXCEPTION TO STATEWIDE RULE 32 FOR THE ME-YOU EFS LEASE, EAGLEVILLE (EAGLE FORD-1) FIELD, MCMULLEN COUNTY, TEXAS**

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**OIL AND GAS DOCKET NO. 01-0314906**

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**APPLICATION OF SEA EAGLE FORD, LLC (760785) FOR AN EXCEPTION TO STATEWIDE RULE 32 FOR THE LANGE E EFS LEASE, EAGLEVILLE (EAGLE FORD-1) FIELD, MCMULLEN COUNTY, TEXAS**

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**HEARD BY:** Robert Musick, P.G. – Technical Examiner  
Clayton Hoover - Administrative Law Judge

**HEARING DATE:** November 28, 2018

**CONFERENCE DATE:** January 23, 2019

**APPEARANCES:**

**REPRESENTING:**

**APPLICANT:**

Frank Muser, P.E.  
Dorsey Twidwell  
Doug Storey

Sea Eagle Ford, LLC

**EXAMINERS' REPORT AND RECOMMENDATION****STATEMENT OF THE CASE**

Sea Eagle Ford, LLC ("SEF") seeks an exception to 16 TAC §3.32 to flare gas from 11 leases and their associated wells in the Eagleville (Eagle Ford-1) Field, McMullen and Atascosa Counties, Texas.

SEF is requesting flaring authority for the leases and their associated flare points for a two-year period. All leases have previously been granted a two-year flaring authorization by the Commission through a Final Order. In general, the two-year flaring authority is requested for routine maintenance periods or sales line unavailability with the exception of the Peeler Ranch (16559) Lease which has a high concentration of hydrogen sulfide (H<sub>2</sub>S) associated with the lease. Many of the 10 wells on the lease have gas with high concentrations of H<sub>2</sub>S that do not meet the pipeline specifications. Testimony in the hearing indicates the cost to treat and transport the high levels of H<sub>2</sub>S gas make it uneconomic at this time.

The captioned applications are unopposed, and the Technical Examiner and Administrative Law Judge (collectively "Examiners") recommend approval of the exception to Statewide Rule 32 for the 11 leases and their associated flare points.

**DISCUSSION OF THE EVIDENCE**

Statewide Rule 32 governs the utilization for legal purposes of natural gas and casinghead gas produced under the jurisdiction of the Railroad Commission. SEF seeks relief pursuant to Statewide Rule 32(h)(4), as follows:

*Requests for exceptions for more than 180-days and for volumes greater than 50 MCF of hydrocarbon gas per day shall be granted only in a final order signed by the commission.*

SEF was previously granted a two-year exception to Statewide Rule 32, for the three leases, with multiple flare points for each lease. Attachment A identifies previous flaring authority issued to the leases, their associated Final Order docket numbers, assigned flare permit numbers, the approved flare volumes, and the assigned administrative flaring authority effective dates.

To continue the flaring authority of gas after expiration of the Final Order, SEF sent a letter for each application requesting a hearing. The Hearings Division issued a Notice of Hearing to the Service List for each captioned docket. Notice of the hearing was given to all parties entitled to notice at least ten (10) days prior to the date of the hearing.

A public hearing was held on November 28, 2018 to continue flaring authority for the leases and their associated flare points for a period of two years. Attachment B

identifies the caption docket, lease information, assigned flare permit numbers, the flare volumes and flaring authority sought by SEF.

Evidence in the record indicates many of the Peeler Ranch Lease wells have a high level of H<sub>2</sub>S in gas. Evidence in the record indicates many of the lease wells do not meet the pipeline specifications and are currently uneconomical at this time to treat or build a pipeline to transport the gas to market. Excluding the H<sub>2</sub>S impacted wells, over 87% of the gas produced from the captioned leases were sent to the sales market.

SEF agreed on the record, that, pursuant to the provisions of Texas Government Code §2001.144(a)(4)(A), the Final Orders in these cases shall be final and effective on the date a Master Order relating to these Final Orders is signed.

The Examiners recommend the exceptions be granted.

### **FINDINGS OF FACT**

1. The Hearings Division issued a Notice of Hearing ("Notice") to the Service List for each captioned docket. Notice was given to all parties entitled to notice at least ten (10) days prior to the date of the hearing. There were no protests to the applications.
2. The captioned dockets include a total of 11 leases, with various numbers of wells per lease and a total of 20 flare points. The various leases and their 47 wells are in the Eagleville (Eagle Ford-1) Field, McMullen and Atascosa Counties, Texas.
3. SEF was previously granted a two-year exception to Statewide Rule 32, for 11 leases and associated flare points. Attachment A identifies the most recent flaring authority for each subject lease and their associated Final Order docket number, assigned flare permit number, previously authorized flare volumes and flaring authority effective dates.
4. A public hearing was held on November 28, 2018 to continue flaring authority for the 11 leases and their associated flare points for a period of two years. Attachment B identifies the caption docket, lease information, assigned flare permit numbers, the requested flare volumes, and requested flaring authority being sought by SEF.
5. Evidence in the record indicates several wells have a high concentration of H<sub>2</sub>S in gas which require special treating facilities or additional costs to take the gas to market. SEF has determined it is uneconomical to treat or build a pipeline to transport the off-spec gas to market.
6. SEF agreed, that, pursuant to these provisions of Texas Government Code §2001.144(a)(4)(A), the Final Order in this case shall be final and effective on the date a Master Order relating to these Final Orders is signed.

**CONCLUSIONS OF LAW**

1. Resolution of the subject applications is a matter committed to the jurisdiction of the Railroad Commission of Texas. Tex. Nat. Res. Code § 81.051.
2. All notice requirements have been satisfied. 16 Tex. Admin. Code § 1.42.
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 the agreement of the applicant, the Final Orders in this case is final and effective when a Master Order relating to the Final Orders is signed.

**EXAMINERS' RECOMMENDATION**

Based on the above findings of facts and conclusions of law, the Examiners recommend the Commission enter an order granting all 11 of the captioned individual hearing applications submitted by Sea Eagle Ford, LLC for exceptions to Statewide Rule 32 for all the subject leases, wells and associated flare points in the Eagleville (Eagle Ford-1) Field, McMullen and Atascosa Counties, Texas.

Respectfully submitted,



Robert Musick, P.G.  
Technical Examiner



Clayton Hoover  
Administrative Law Judge

**Attachment A – Previous Authorized Flaring Authority**

Current Docket and Lease Name	Previous Final Order Docket No.	Flare Permit No.	Maximum Daily Flaring Volume (MCF/Day)	Flaring Authority Effective Dates	
<b>OIL &amp; GAS DOCKET NO. 01-0314895</b>  <b>THE DUSEK EFS (17153) LEASE, EAGLEVILLE (EAGLE FORD-1) FIELD, MCMULLEN COUNTY, TEXAS</b>	01-0300289	2 Flare Points  Permit No. 25362  Comingle Permit No. NA	40	04/15/2016	04/14/2018
<b>OIL &amp; GAS DOCKET NO. 01-0314897</b>  <b>THE TEAL RANCH EFS (15536) LEASE, EAGLEVILLE (EAGLE FORD-1) FIELD, MCMULLEN COUNTY, TEXAS</b>	01-0300289	2 Flare Points  Permit No. 23200, 24448, 25071  Comingle Permit No. NA	411	04/15/2016	04/14/2018
<b>OIL &amp; GAS DOCKET NO. 01-0314898</b>  <b>THE QUINTANILLA SMEF (16909) LEASE, EAGLEVILLE (EAGLE FORD-1) FIELD, MCMULLEN COUNTY, TEXAS</b>	01-0300289	3 Flare Points  Permit No. 25073  Comingle Permit No. NA	460	04/15/2016	04/14/2018

Current Docket and Lease Name	Previous Final Order Docket No.	Flare Permit No.	Maximum Daily Flaring Volume (MCF/Day)	Flaring Authority Effective Dates	
<b>OIL &amp; GAS DOCKET NO. 01-0314899</b>  <b>THE QUINTANILLA CCR EFS (16915) LEASE, EAGLEVILLE (EAGLE FORD-1) FIELD, MCMULLEN COUNTY, TEXAS</b>	01-0300289	1 Flare Point  Permit No. 25072  Comingle Permit No. 5926	43	04/15/2016	04/14/2018
<b>OIL &amp; GAS DOCKET NO. 01-0314900</b>  <b>THE Q BALLARD EFS (17114) LEASE, EAGLEVILLE (EAGLE FORD-1) FIELD, MCMULLEN COUNTY, TEXAS</b>	01-0300289	2 Flare Point  Permit No. 23844  Comingle Permit No. NA	101	04/15/2016	04/14/2018
<b>OIL &amp; GAS DOCKET NO. 01-0314901</b>  <b>THE Q KIEL EFS (17067) LEASE, EAGLEVILLE (EAGLE FORD-1) FIELD, MCMULLEN COUNTY, TEXAS</b>	01-0300289	1 Flare Point  Permit No. 024767  Comingle Permit No. NA	53	04/15/2016	04/14/2018

Current Docket and Lease Name	Previous Final Order Docket No.	Flare Permit No.	Maximum Daily Flaring Volume (MCF/Day)	Flaring Authority Effective Dates	
<b>OIL &amp; GAS DOCKET NO. 01-0314902</b>  <b>THE PHELAN EFS (17544) LEASE, EAGLEVILLE (EAGLE FORD-1) FIELD, MCMULLEN COUNTY, TEXAS</b>	01-0300289	1 Flare Point  Permit No. 24050  Comingle Permit No. NA	371	04/15/2016	04/14/2018
<b>OIL &amp; GAS DOCKET NO. 01-0314903</b>  <b>THE PEELER RANCH EFS (16559) LEASE, EAGLEVILLE (EAGLE FORD-1) FIELD, ATASCOSA COUNTY, TEXAS</b>	01-0299637	2 Flare Points  Permit No. 23833  Comingle Permit No. NA	110	02/03/2016	02/02/2018
<b>OIL AND GAS DOCKET NO. 01-0314904</b>  <b>THE PEELER EFS (16338) LEASE, EAGLEVILLE (EAGLE FORD-1) FIELD, MCMULLEN COUNTY, TEXAS</b>	01-0300289	4 Flare Points  Permit No. 22056  Comingle Permit No. NA	18	04/15/2016	04/14/2018



Current Docket and Lease Name	Previous Final Order Docket No.	Flare Permit No.	Maximum Daily Flaring Volume (MCF/Day)	Flaring Authority Effective Dates	
<b>OIL AND GAS DOCKET NO. 01-0314905</b>  <b>THE ME-YOU EFS (17947) LEASE, EAGLEVILLE (EAGLE FORD-1) FIELD, MCMULLEN COUNTY, TEXAS</b>	01-0300289	1 Flare Point  Permit No. 24979  Comingle Permit No. NA	272	04/15/2016	04/14/2018
<b>OIL AND GAS DOCKET NO. 01-0314906</b>  <b>THE LANGE E EFS (16993) LEASE, EAGLEVILLE (EAGLE FORD-1) FIELD, MCMULLEN COUNTY, TEXAS</b>	01-0300289	1 Flare Point  Permit No. 23619  Comingle Permit No. NA	3	04/15/2016	04/14/2018

**Note: NA = Not Applicable or Flare Permit Number not entered into evidence**

**MCF/Day = Thousand Cubic Feet Per Day**

**ATTACHMENT B - FLARE AUTHORITY**

Current Docket No. Lease No. and Name	Well Nos.	Flare Permit No.	Maximum Daily Flaring Volume (MCF/Day)	Dates of Requested Flaring Authority	
				2 Year Period	
OIL & GAS DOCKET NO. 01-0314895  THE DUSEK EFS (17153) LEASE, EAGLEVILLE (EAGLE FORD-1) FIELD, MCMULLEN COUNTY, TEXAS	[B1H] [S1H] [S2H] [S3H]	2 Flare Points  Permit No. 25362  Comingle Permit No. NA	800	06/06/2018	06/06/2020
OIL & GAS DOCKET NO. 01-0314897  THE TEAL RANCH EFS (15536) LEASE, EAGLEVILLE (EAGLE FORD-1) FIELD, MCMULLEN COUNTY, TEXAS	[1H] [2H] [3H]	2 Flare Points  Permit No. 23200, 24448, 25071  Comingle Permit No. NA	100	06/06/2018	06/06/2020
OIL & GAS DOCKET NO. 01-0314898  THE QUINTANILLA SMEF (16909) LEASE, EAGLEVILLE (EAGLE FORD-1) FIELD, MCMULLEN COUNTY, TEXAS	[1H] [2H] [3H] [4H] [5H] [6H] [7H] [8H] [9H]	3 Flare Points  Permit No. 25073  Comingle Permit No. NA	700	06/06/2018	06/06/2020

Current Docket No. Lease No. and Name	Well Nos.	Flare Permit No.	Maximum Daily Flaring Volume (MCF/Day)	Dates of Requested Flaring Authority	
				2 Year Period	
OIL & GAS DOCKET NO. 01-0314899  THE QUINTANILLA CCR EFS (16915) LEASE, EAGLEVILLE (EAGLE FORD-1) FIELD, MCMULLEN COUNTY, TEXAS	[1H] [2H]	1 Flare Point  Permit No. 25072  Comingle Permit No. 5926	300	06/06/2018	06/06/2020
OIL & GAS DOCKET NO. 01-0314900  THE Q BALLARD EFS (17114) LEASE, EAGLEVILLE (EAGLE FORD-1) FIELD, MCMULLEN COUNTY, TEXAS	[1H] [2H] [3H] [5H] [4H] [6H] [8H]	2 Flare Point  Permit No. 23844  Comingle Permit No. NA	1000	06/06/2018	06/06/2020
OIL & GAS DOCKET NO. 01-0314901  THE Q KIEL EFS (17067) LEASE, EAGLEVILLE (EAGLE FORD-1) FIELD, MCMULLEN COUNTY, TEXAS	[1H] [2H] [3H]	1 Flare Point  Permit No. 024767  Comingle Permit No. NA	600	06/06/2018	06/06/2020

Current Docket No. Lease No. and Name	Well Nos.	Flare Permit No.	Maximum Daily Flaring Volume (MCF/Day)	Dates of Requested Flaring Authority	
				2 Year Period	
<b>OIL &amp; GAS DOCKET NO. 01-0314902</b>  <b>THE PHELAN EFS (17544) LEASE, EAGLEVILLE (EAGLE FORD-1) FIELD, MCMULLEN COUNTY, TEXAS</b>	[1H] [2H] [3H] [4H] [5H]	1 Flare Point  Permit No. 24050  Comingle Permit No. NA	300	06/06/2018	06/06/2020
<b>OIL &amp; GAS DOCKET NO. 01-0314903</b>  <b>THE PEELER RANCH EFS (16559) LEASE, EAGLEVILLE (EAGLE FORD-1) FIELD, ATASCOSA COUNTY, TEXAS</b>	[3H] [4H] [5H] [6H] [7H] [10HA] [11HD] [15HE] [8HC] [9HC]	2 Flare Points  Permit No. 23833  Comingle Permit No. NA	600	06/06/2018	06/06/2020
<b>OIL AND GAS DOCKET NO. 01-0314904</b>  <b>THE PEELER EFS (16338) LEASE, EAGLEVILLE (EAGLE FORD-1) FIELD, MCMULLEN COUNTY, TEXAS</b>	[1H] [2H]	4 Flare Points  Permit No. 22056  Comingle Permit No. NA	60	06/06/2018	06/06/2020

Current Docket No. Lease No. and Name	Well Nos.	Flare Permit No.	Maximum Daily Flaring Volume (MCF/Day)	Dates of Requested Flaring Authority	
				2 Year Period	
OIL AND GAS DOCKET NO. 01- 0314905  THE ME-YOU EFS (17947) LEASE, EAGLEVILLE (EAGLE FORD-1) FIELD, MCMULLEN COUNTY, TEXAS	1H	1 Flare Point  Permit No. 24979  Comingle Permit No. NA	300	06/06/2018	06/06/2020
OIL AND GAS DOCKET NO. 01- 0314906  THE LANGE E EFS (16993) LEASE, EAGLEVILLE (EAGLE FORD-1) FIELD, MCMULLEN COUNTY, TEXAS	[1H]	1 Flare Point  Permit No. 23619  Comingle Permit No. NA	150	06/06/2018	06/06/2020

**Note: NA = Not Applicable or Flare Permit Number not entered into evidence**

**MCF/Day = Thousand Cubic Feet Per Day**

**[ ] = Brackets around the Well No. denotes a Well with concentrations of H2S with an H9 Form submitted to the Commission.**