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DANA AVANT LEWIS, DIRECTOR

## RAILROAD COMMISSION OF TEXAS HEARINGS DIVISION

**OIL AND GAS DOCKET NO. 01-0314893**

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**APPLICATION OF SEA EAGLE FORD, LLC (760785) FOR AN EXCEPTION TO STATEWIDE RULE 32 FOR THE AMMANN EFS LEASE, BRISCOE RANCH (EAGLEFORD) FIELD, DIMMIT COUNTY, TEXAS**

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**OIL AND GAS DOCKET NO. 01-0314894**

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**APPLICATION OF SEA EAGLE FORD, LLC (760785) FOR AN EXCEPTION TO STATEWIDE RULE 32 FOR THE SHOOK EFS LEASE, BRISCOE RANCH (EAGLEFORD) FIELD, DIMMIT COUNTY, TEXAS**

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**OIL AND GAS DOCKET NO. 01-0314896**

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**APPLICATION OF SEA EAGLE FORD, LLC (760785) FOR AN EXCEPTION TO STATEWIDE RULE 32 FOR THE TOCQUIGNY EFS LEASE, BRISCOE RANCH (EAGLEFORD) FIELD, DIMMIT 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 three (3) leases and their associated wells and flare points in the Briscoe Ranch (Eagle Ford) Field, Dimmit County, Texas.

SEF is requesting flaring authority for a two-year period. All three 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 Ammann EFS (18374) Lease which has a high concentration of hydrogen sulfide (H<sub>2</sub>S). Testimony in the hearing indicates the costs to treat and transport the H<sub>2</sub>S gas from wells on the Ammann EFS (18374) Lease to the market is uneconomic at this time.

The applications are unopposed, and the Technical Examiner and Administrative Law Judge (collectively "Examiners") recommend approval of the exception to Statewide Rule 32 for the three 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 from April 15, 2018 to April 14, 2020. 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 two of the 13 wells associated with the subject leases have a high concentration of H<sub>2</sub>S in gas which would 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 gas to market. Testimony indicates that between 88% to 96% of the gas produced from the 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 three (3) leases, with various numbers of wells per lease and a total of nine (9) flare points. The various leases and their 13 wells are in the Briscoe Ranch (Eagleford) Field, Dimmit County, Texas.
3. SEF was previously granted a two-year exception to Statewide Rule 32, for three (3) 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 three (3) leases and their associated flare points for a period of two years. Attachment B identifies the three leases, assigned flare permit numbers, the requested flare volumes, and requested flaring authority being sought by SEF.
5. Evidence in the record indicates two (2) of the 13 wells associated with the subject leases have a high concentration of H<sub>2</sub>S in gas which would 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 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 three 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 Briscoe Ranch (Eagleford) Field in Dimmit County, Texas.

Respectfully submitted,



Robert Musick, P.G.  
Technical Examiner



Clayton Hoover  
Administrative Law Judge

**Attachment A – Previous Authorized Flaring Authority**

Facility Name	Previous Final Order Docket No.	Flare Permit No.	Previous Authorized Maximum Daily Flaring Volume (MCF/Day)	Previous Authorized Flaring Authority Effective Dates	
The Ammann EFS (18374) Lease, Briscoe Ranch (Eagleford) Field	01-0300288	Permit #24769 1 flare point on Lease	1,006	04/15/2016	04/14/2018
The Shook EFS (15493) Lease, Briscoe Ranch (Eagleford) Field	01-0300288	Permit #25505 5 flare points on Lease	103	04/15/2016	04/14/2018
The Tocquigny EFS (15862) Lease, Briscoe Ranch (Eagleford) Field	01-0300288	Permit #24664 3 flare points on Lease	36	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**

Lease No. and Name	Well Nos.	Flare Permit No.	Maximum Daily Flaring Volume (MCF/Day)	Proposed Dates of Requested Flaring Authority	
				2 Year Period	
Oil & Gas Docket 01-0314893 The Ammann EFS (18374) Lease, Briscoe Ranch (Eagleford) Field	[2HA] [1HA]	Permit #24769 1 Flare Point on Lease	1,200	06/06/2018	06/06/2020
Oil & Gas Docket 01-0314894 The Shook EFS (15493) Lease, Biscoe Ranch (Eagleford) Field	21H 301H 403H 204H 503H 11HU	Permit #25505 5 Flare Points on Lease	1,500	06/06/2018	06/06/2020
Oil & Gas Docket 01-0314896 The Tocquigny EFS (15862) Lease, Briscoe Ranch (Eagleford) Field	101H 401H H5TA H6TA 9HF	Permit #24464 3 Flare Points on Lease	1,500	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.**