



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL AND GAS DOCKET NO. 01-0315201

APPLICATION OF LONESTAR OPERATING LLC (507495) FOR AN EXCEPTION TO STATEWIDE RULE 32 FOR THE HAWKEYE (19323) LEASE, EAGLEVILLE (EAGLE FORD-1) FIELD, GONZALES COUNTY, TEXAS

HEARD BY: Robert Musick, P.G. - Technical Examiner
Lynn Latombe - Administrative Law Judge

HEARING DATE: November 9, 2018

CONFERENCE DATE: January 23, 2019

APPEARANCES: **REPRESENTING:**

APPLICANT:

Paul R. Tough
James M. Clark, P.E.

Lonestar Operating, LLC

EXAMINERS' REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Lonestar Operating, LLC ("Lonestar") seeks an exception to Statewide Rule 32 to flare casinghead gas associated with the Hawkeye Unit (Lease No. 19323), Eagleville (Eagle Ford-1) Field (Field No. 27135700), Gonzales County, Texas. The 180-day administrative exception expired on September 16, 2018.

Lonestar request continued flaring authorization for the Hawkeye Unit, which consists of the Hawkeye 1H and 2H wells and associated flare point. Lonestar is seeking a final order to continue flaring authority of casinghead gas for routine maintenance periods or sales line unavailability for a two-year period through September 16, 2020.

The application is unopposed, and the Technical Examiner and Administrative Law Judge (collectively "Examiners") recommend approval of the exception to Statewide Rule 32 for the Hawkeye Unit flare point.

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. Lonestar seeks flaring authority pursuant to Statewide Rule 32(f)(1)(B), 32(f)(1)(C) and 32(h)(4), as follows:

A flaring exception is required if you flare for more than 72 hours in one calendar month or if you flare for a period of time exceeding 24 hours in one calendar month.

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.

Lonestar was granted an administrative exception to Statewide Rule 32, for the Hawkeye Unit (Lease No. 19323) flare point through Permit Nos. 35763 and 35764. Under Permit No. 35763, the Hawkeye Unit, was authorized to flare 1,200 thousand cubic feet per day ("MCF/Day") for a 60-day period from January 24, 2018 through March 24, 2018. Under Permit No. 35764, the Hawkeye Unit, was authorized to flare 350 MCF/Day from March 25, 2018 to May 23, 2018 and 400 MCF/Day from July 18, 2018 to September 16, 2018. The two permits for the Hawkeye Unit (Lease No. 19323) are for a total period of 180 days.

To continue the flaring authority of casinghead gas, Lonestar filed a letter dated September 6, 2018, requesting a hearing to be conducted to seek continued flaring authority for the Hawkeye Unit (Lease No. 19323) flare point.

The Hearings Division issued a notice of Hearing to all of the offset Operators on the Service List on October 15, 2018, and a public hearing was held on November 9, 2018. At the hearing, Lonestar was seeking flaring authority of 700 MCF/Day for two years, from September 17, 2018 through September 16, 2020, under Permit No. 35764.

Testimony at the hearing indicates the Hawkeye two (2) wells are connected to sales line and only require flaring during periods of routine maintenance, equipment malfunction, upset events and during sales line unavailability.

Lonestar agreed on the record, that pursuant to the 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 this Final Order is signed.

The Examiners recommend the exception be granted.

FINDINGS OF FACT

1. Proper notice of this hearing was provided to all offset operators at least ten (10) days prior to the date of the hearing and no protests were received.
2. Lonestar Operating, LLC seeks an exception to Statewide Rule 32 to flare casinghead gas associated with the Hawkeye Unit (Lease No. 19323), Eagleville (Eagle Ford-1) Field (Field No. 27135700), Gonzales County, Texas.
3. Lonestar was granted an administrative exception to Statewide Rule 32, for the Hawkeye Unit (Lease No. 19323) flare point through Permit Nos. 35763 and 35764. Under Permit No. 35763, the Hawkeye Unit, was authorized to flare 1,200 MCF/Day for a 60-day period from January 24, 2018 through March 24, 2018. Under Permit No. 35764, the Hawkeye Unit, was authorized to flare 350 MCF/Day from March 25, 2018 to May 23, 2018 and 400 MCF/Day from July 18, 2018 to September 16, 2018. Accumulatively, the two permits are for a period of 180 days.
4. Lonestar filed a letter dated September 6, 2018, requesting a hearing to be conducted to seek continued flaring authority for the Hawkeye Unit (Lease No. 19323) flare point.
5. The Hearings Division issued a notice of Hearing to all of the offset Operators on the Service List on October 15, 2018.
6. A public hearing was held on November 9, 2018.
7. Lonestar is seeking a flaring authority of 700 MCF/Day for two years, from September 17, 2018 through September 16, 2020.
8. Testimony at the hearing indicates the Hawkeye two (2) wells are connected to sales line and only require flaring during periods of routine maintenance, equipment malfunction, upset events and during sales line unavailability.
9. Lonestar agreed on the record, that pursuant to the 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 this Final Order is signed.

CONCLUSIONS OF LAW

1. Resolution of the subject application 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 Order in this case is final and effective when a Master Order relating to the Final Order is signed.

EXAMINERS' RECOMMENDATION

Based on the above findings of facts and conclusions of law, the Examiners recommend that the Commission grant the exceptions to Statewide Rule 32 for the Hawkeye Unit (Lease No. 19323) flare point with maximum flaring volumes of 700 MCF/Day for two years, from September 17, 2018 through September 16, 2020, under Permit No. 35764.

Respectfully submitted,



Robert Musick, P.G.
Technical Examiner



Lynn Latombe
Administrative Law Judge