

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

OIL AND GAS DOCKET NO. 01-0319437

APPLICATION OF U.S. ENERGY DEVELOPMENT CORPORATION (875462) FOR AN EXCEPTION TO STATEWIDE RULE 32 FOR THE LLM SOUTH (19132) LEASE, VARIOUS FLARE POINTS, BRISCOE RANCH (EAGLEFORD) FIELD, ZAVALA COUNTY, TEXAS

FINAL ORDER

The Railroad Commission of Texas ("Commission") finds that after notice in the above-docketed case was provided to all parties entitled to notice, a hearing was heard on July 2, 2019 by a Commission Technical Examiner and Administrative Law Judge. This proceeding was duly submitted to the Commission at a conference held in its offices in Austin, Texas. After considering this matter, the Commission adopts the following findings of fact and conclusions of law.

Findings of Fact

1. U.S. Energy Development Corporation ("U.S. Energy" or "Applicant") seeks two-year exceptions to Statewide Rule 32 ("Statewide Rule 32") for authority to flare from three (3) flare points located on the LLM South (19132) Lease ("Lease") as identified in Attachment A, attached to this order.
2. U.S. Energy submitted a request for hearing on the Statewide Rule 32 exception flaring authority on April 3, 2019.
3. U.S. Energy was previously granted the following administrative exceptions to Statewide Rule 32 for miscellaneous system upsets during normal operations:
 - a. a maximum of 800 Mcfd of casinghead gas from March 1, 2019 to May 31, 2019, from the flare point located on the LLM South A Pad, Briscoe Ranch (Eagleford) Field, Zavala County, Texas (Permit No. 38962).
 - b. a maximum of 1,500 Mcfd of casinghead gas from March 1, 2019 to May 31, 2019, from the flare point located on the LLM South B Pad, Briscoe Ranch (Eagleford) Field, Zavala County, Texas (Permit No. 38973).
 - c. a maximum of 2,000 Mcfd of casinghead gas from March 1, 2019 to May 31, 2019, from the flare point located on the LLM South C Pad, Briscoe Ranch (Eagleford) Field, Zavala County, Texas (Permit No. 38974).
4. On May 29, 2019 the Hearings Division of the Commission sent a Notice of Hearing ("Notice") to Applicant and all offsetting operators in the field setting a hearing date of July 2, 2019. Consequently, the parties received more than 10 days' notice. The

Notice contains (1) a statement of the time, place, and nature of the hearing; (2) a statement of the legal authority and jurisdiction under which the hearing is to be held; (3) a reference to the particular sections of the statutes and rules involved; and (4) a short and plain statement of the matters asserted. The hearing was held on July 2, 2019, as noticed. Applicant appeared and participated at the hearing. No one appeared in protest.

5. The casinghead gas from the three (3) flare points is gathered and purchased by Williams MLP Operating LLC ("Williams"). U.S. Energy will sell as much casinghead gas as possible.
6. Flaring will be limited to miscellaneous pipeline system upsets such as equipment maintenance or pressure and capacity issues.
7. The Lease produces casinghead gas with an H₂S concentration of approximately 140 parts per million ("ppm"), as stated on the Commission Form H-9, dated November 9, 2018.
8. Based on a table of Lease production data and Lease production decline curves, the estimated volume of casinghead gas to be flared from each flare point would be as identified in Attachment A.
9. The requested Statewide Rule 32 exception to flare casinghead gas from the (3) flare points as identified in Attached A is necessary for U.S. Energy to produce the recoverable hydrocarbon liquids from the Lease.
10. At the hearing, U.S. Energy agreed on the record that the Final Order in this docketed case is to be final and effective when a Master Order relating to this Final Order is signed.

Conclusions of Law

1. Proper notice was issued to persons entitled to notice. *See, e.g.*, Tex. Gov't Code § 2001.051; 16 Tex. Admin. Code §§ 1.42, 1.45.
2. The Commission has jurisdiction in this case. *See, e.g.*, Tex. Nat. Res. Code § 81.051.
3. Statewide Rule 32 requires gas to be utilized for purposes and uses authorized by law unless authorized. 16 Tex. Admin. Code § 3.32(b).

4. Statewide Rule 32 provides exceptions allowing the flaring of gas if certain requirements are met and the flaring is necessary. See, e.g., 16 Tex. Admin. Code § 3.32(f), (h).
5. U.S. Energy has met the requirements in Statewide Rule 32 to flare casinghead gas from the three (3) flare points as identified in Attachment A and the flaring of such gas is necessary.
6. 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.

Ordering Provisions

It is **ORDERED** that U.S. Energy Development Corporation (875462) is granted a two-year exception to Statewide Rule 32. Its request for authority to flare from the three (3) flare points as identified in Attachment A is **APPROVED**.

This authority is granted, provided all production is reported on the appropriate Commission forms. U.S. Energy shall file the Statewide Rule 32 Exception Data Sheet and, shall file at the same time, the required fee for a Statewide Rule 32 exception for the three (3) flare points as identified in Attachment A. See 16 Tex. Admin. Code § 3.32(h)(1).

Pursuant to § 2001.144(a)(4)(A) of the Texas Government Code and the agreement of the parties in writing or on the record, **the parties have waived the right to file a motion for rehearing and the Final Order in this case is final and effective on the date the Master Order relating to the Final Order is signed.**

Signed on August 20, 2019.

RAILROAD COMMISSION OF TEXAS

**(Order approved and signatures affixed by
Hearings Division's Unprotested Master
Order dated August 20, 2019)**

ATTACHMENT A – FLARE EXCEPTION AUTHORITY

Permit No.	Commingled Permit No. (If Applicable)	Lease Name, Individual Flare Stacks	Permit Start Date	Permit End Date	Maximum Flare Volume (Mcf/d & Mcf/m)	Casinghead Gas or Gas Well Gas
38962	N/A	LLM South A Pad	June 1, 2019	May 31, 2021	800 Mcfd 24,000 Mcfm	Casinghead Gas
38973	N/A	LLM South B Pad	June 1, 2019	May 31, 2021	1,500 Mcfd 45,000 Mcfm	Casinghead Gas
38974	N/A	LLM South C Pad	June 1, 2019	May 31, 2021	2,000 Mcfd 60,000 Mcfm	Casinghead Gas

Note:
Mcf/d = Thousand Cubic Feet Per Day
Mcf/m = Thousand Cubic Feet Per Month