

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

OIL AND GAS DOCKET NO. 8A-0321400

APPLICATION OF SHERIDAN PRODUCTION COMPANY, LLC (775854) FOR AN EXCEPTION TO STATEWIDE RULE 32 FOR THE FERGUSON TANK BATTERY, TEX-MEX, SE. (WICHITA ALBANY) FIELD, GAINES 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 June 7, 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. Sheridan Production Company, LLC ("Sheridan" or "Applicant") seeks a two-year exception to 16 Tex. Admin. Code §3.32 ("Statewide Rule 32") for authority to flare a maximum of 2,162 cubic feet per day ("Mcf/d"), limited to 64,860 cubic feet per month ("Mcfm"), of casinghead gas from March 6, 2019 through March 5, 2021, from the single flare point on the Ferguson Tank Battery, Tex-Mex, SE. (Wichita Albany) Field, Gaines County, Texas.
2. Sheridan was previously granted administrative Statewide Rule 32 exception authority for the Ferguson Tank Battery to flare a maximum casinghead gas volume of 2,162 Mcfd. The previous authority (Docket No. 8A-0301395) was issued for intermittent flaring when Sheridan was unable to sell gas due to high line pressure, equipment failure, plant shutdowns, and compressor downtime. The administrative flaring authority (Permit No. 28708) granted under Commission Final Order for Docket No. 8A-0301395 expired on December 5, 2018
3. Sheridan submitted a request for hearing on the Statewide Rule 32 exception flaring authority request on March 6, 2019.
4. On April 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 June 7, 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.

Applicant appeared and participated at the June 7, 2019 hearing. No one appeared in protest.

5. The flare point is connected to a gathering system, and Sheridan will sell as much gas as possible. Flaring will be limited to emergency situations including system upsets such as mechanical issues with compressors or pipelines.
6. The Ferguson Tank Battery is located in Gaines County, Texas, which is in District 8A. On July 11, 2019, the Examiners severed this lease from Docket No. 08-0318702, and considered Sheridan's application for the Ferguson Tank Battery under this new docket, Docket No. 8A-0321400.
7. The requested Statewide Rule 32 exception to flare is necessary for Sheridan to produce the recoverable oil from the leases associated with the Ferguson Tank Battery flare point. If the authority is not issued, Sheridan may need to shut-in producing oil wells, which would hinder the ultimate recovery of oil and cause a waste of oil reserves.
8. At the hearing, Sheridan 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. Sheridan meets the requirement in Statewide Rule 32 to flare a maximum of 2,162 Mcfd of casinghead gas 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 Sheridan Production Company, LLC be granted a two-year exception to Statewide Rule 32. Its request for authority to flare a maximum of 2,162 Mcfd, limited to 64,860 Mcfm, of casinghead gas from the Ferguson Tank Battery flare point, Tex-Mex, SE. (Wichita Albany) Field, Gaines County, Texas, from March 6, 2019, through March 5, 2021, as reflected in Attachment A, is **APPROVED**.

This authority is granted, provided all production is reported on the appropriate Commission forms. Sheridan Production Company, LLC shall file the Statewide Rule 32 Exception Data Sheet and, shall file at the same time, the appropriate Commission required administrative Statewide Rule 32 Exception gas flaring fee for each individual flare point at the Ferguson Tank Battery.

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
28708	5385	Ferguson	March 6, 2019	March 5, 2021	2,162 Mcfd 64,860 Mcfm	Casinghead Gas

Note: Mcfd = Thousand Cubic Feet Per Day
Mcfm = Thousand Cubic Feet Per Month