

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

OIL AND GAS DOCKET NO. 08-0318702

**APPLICATION OF SHERIDAN PRODUCTION COMPANY, LLC (775854) FOR AN
EXCEPTION TO STATEWIDE RULE 32 FOR THE VARIOUS LEASES, VARIOUS
FIELDS, ECTOR, ANDREWS, WARD, AND GLASSCOCK COUNTIES, 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 two-year exceptions to 16. Tex. Admin. Code §3.32 ("Statewide Rule 32") for authority to flare from eleven (11) flare points as identified in Attachment A, attached to this order.
2. Sheridan was previously granted the following administrative exceptions to Statewide Rule 32 to flare from the eleven (11) flare points as identified in Attachment A. The previous authorities were issued for intermittent flaring when Sheridan was unable to sell gas due to high line pressure, equipment failure, plant shutdowns, and compressor downtime. Each individual administrative flare permit expired on December 5, 2019.
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. Each of the individual flare points are connected to a gas gathering system, and Sheridan will sell as much gas as possible. Flaring of casinghead gas and gas well gas will be limited to emergency situations including system upsets such as mechanical issues with compressors or pipelines.
6. The requested Statewide Rule 32 exceptions to flare are necessary for Sheridan to produce the recoverable oil from the leases associated with the eleven (11) flare points. 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.
7. The one gas lease (Lease No. 08-219754) on Phillips University P Tank Battery produces condensate in addition to gas and shutting in the gas well will reduce the recovery of condensate. The gas well is tied into the Phillips University P Tank Battery which commingles the gas well gas with the casinghead gas.
8. Each of the individual flare point volumes was determined by production data and decline curve unique to each flare point.
9. 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 has met the requirements in Statewide Rule 32 for the two-year authority to flare from the eleven (11) flare points as identified in Attachment A.

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 (931787), Inc. be granted a two-year exception to Statewide Rule 32. Its request for authority to flare from the eleven (11) tank batteries from March 6, 2019 through March 5, 2021, as reflected in attached Attachment A, is **APPROVED**.

This authority is granted, provided all production is reported on the appropriate Commission forms. Sheridan 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 each individual flare point on the Lease. 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.	Commingle Permit No. (If Applicable)	Lease Name, Individual Flare Stacks	Permit Start Date	Permit End Date	Maximum Flare Volume (Mcf/d & Mcfm)	Casinghead Gas or Gas Well Gas
28714	6020	CVX 6	March 6, 2019	March 5, 2021	1,231 Mcfd 36,930 Mcfm	Casinghead Gas
28719	N/A	CVX 6B	March 6, 2019	March 5, 2021	595 Mcfd 17,850 Mcfm	Casinghead Gas
28715	N/A	Douglass Parker	March 6, 2019	March 5, 2021	199 Mcfd 5,970 Mcfm	Casinghead Gas
28716	6681	Goldsmith Adobe	March 6, 2019	March 5, 2021	860 Mcfd 25,800 Mcfm	Casinghead Gas
28720	6324	Parker Minerals 4	March 6, 2019	March 5, 2021	4,811 Mcfd 144,330 Mcfm	Casinghead Gas
28727	5957	Parker Minerals 7	March 6, 2019	March 5, 2021	638 Mcfd 19,140 Mcfm	Casinghead Gas
28721	6150	Parker Minerals 8	March 6, 2019	March 5, 2021	1,393 Mcfd 41,790 Mcfm	Casinghead Gas
28709	2194	Phillips University P	March 6, 2019	March 5, 2021	1,203 Mcfd 36,090 Mcfm	Both

28718	N/A	Steakley	March 6, 2019	March 5, 2021	475 Mcfd 14,250 Mcfm	Casinghead Gas
28710	6624	University 17-24	March 6, 2019	March 5, 2021	3,807 Mcfd 114,210 Mcfm	Casinghead Gas
28711	N/A	West Howard Glasscock Unit	March 6, 2019	March 5, 2021	85 Mcfd 2,550 Mcfm	Casinghead Gas

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