

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

OIL AND GAS DOCKET NO. 8A-0320997

**APPLICATION OF E R OPERATING COMPANY (238075) FOR AN EXCEPTION TO
STATEWIDE RULE 32 FOR THE GOOGINS 249 LEASE, SABLE (SAN ANDRES)
FIELD, YOAKUM 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 August 26, 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. E R Operating Company ("E R" or "Applicant") seeks a 12-month exception to Statewide Rule 32 ("Statewide Rule 32") for authority to flare a maximum of 900 thousand cubic feet per day ("Mcf") of casinghead gas from October 1, 2019, to September 31, 2020, from a single flare point for the Googins 249 (70606) Lease ("Lease"), in the Sable (San Andres) Field, Yoakum County, Texas.
2. E R submitted a request for hearing on the Statewide Rule 32 exception flaring authority request on June 18, 2019.
3. E R was previously granted an exception to Statewide Rule 32 to flare a maximum casinghead gas volume of 100 Mcfd from the Lease. This flaring authority was granted by Final Order 8A-0317574 (Permit No. 24594) and expires on April 23, 2021.
4. On July 23, 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 April 8, 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 August 26, 2019 as noticed. Applicant appeared and participated at the hearing. No one appeared in protest.

5. The nearest gas pipeline, operated by Stakeholder Gas Utility (“Stakeholder”), is approximately 3.4 miles from the Lease.
6. The Stakeholder pipeline was recently purchased from Targa Midstream Services (“Targa”). Formerly, Targa had refused gas from the Lease due to high concentrations of hydrogen sulfide (16,026 ppm).
7. E R is currently in negotiations with both Stakeholder and Santa Fe Midstream to construct a pipeline to receive and purchase sour gas from the Lease. E R estimates negotiations and construction should complete within 12 months.
8. Based on initial production and new wells currently permitted, drilling and completing, the estimated volume of casinghead gas to be flared would be a maximum of 900 Mcfd.
9. The requested Statewide Rule 32 exception to flare a maximum of 900 Mcfd of casinghead gas is necessary for E R to produce the recoverable oil from the Lease.
10. At the hearing, E R 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. E R has met the requirements in Statewide Rule 32 to flare a maximum of 900 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 E R Operating Company (238075) ("E R"), Inc. is granted a 12-month exception to Statewide Rule 32. Its request for authority to flare a maximum of 900 Mcfd, of casinghead gas from the Googins 249 Lease ("Lease") flare point from October 1, 2019 to September 30, 2020, as reflected in attached Attachment A is **APPROVED**.

This authority is granted, provided all production is reported on the appropriate Commission forms. E R 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 October 1, 2019

RAILROAD COMMISSION OF TEXAS

**(Order approved and signatures affixed by
Hearings Division's Unprotested Master
Order dated October 1, 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)	Casinghead Gas or Gas Well Gas
24594	N/A	Googins 249	October 1, 2019	September 30, 2020	900 Mcfd	Casinghead Gas

Note: Mcfd = Thousand Cubic Feet Per Day