

**RAILROAD COMMISSION OF TEXAS  
HEARINGS DIVISION**

**OIL AND GAS DOCKET NO. 8A-0321432**

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**APPLICATION OF STEWARD ENERGY II, LLC (819609) FOR AN EXCEPTION TO STATEWIDE RULE 32 FOR THE ARROWHEAD (70454) LEASE, PLATANG (SAN ANDRES) FIELD, YOAKUM COUNTY, TEXAS**

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**FINAL ORDER**

The Railroad Commission of Texas ("Commission") finds that after a joint notice of hearing in the above-docketed case was provided to all parties entitled to notice, a hearing was held on September 20, 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. Steward Energy II, LLC ("Steward") requested a two-year exception to Statewide Rule 32 ("SWR 32") from April 18, 2019 to April 17, 2021, for authority to flare a maximum of 100 thousand cubic feet per day ("Mcf/d"), limited to a maximum flare volume of 3,100 thousand cubic feet per month ("Mcfm"), of casinghead gas from the flare point at the Arrowhead (70454) Lease, Platang (San Andres) Field, Yoakum County, Texas.
2. Steward submitted a request for hearing on the SWR 32 exception flaring authority on April 18, 2019.
3. Steward was previously granted an exception to SWR 32 in Oil and Gas Docket No. 8A-0303852 to flare a maximum casinghead gas volume of 6,000 Mcfm from the flare point on the Arrowhead (70454) Lease, Platang (San Andres) Field, Yoakum County, Texas, expiring March 23, 2019.
4. On August 20, 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 September 20, 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 September 20, 2019 as noticed. Applicant appeared and participated at the hearing. No one appeared in protest.

5. Steward's Arrowhead Lease is presently developed with a single well, the Arrowhead 717H Well.
6. Steward's Arrowhead Lease produces approximately ninety (90) Mcfd of casinghead gas and has never been connected to a sales line.
7. To sell casinghead gas from the Arrowhead Lease, Steward would have to construct a seven-mile long gathering line at an approximate cost of \$1,300,000.
8. Currently, gas in the proximity of Steward's Arrowhead Lease is being sold into gathering systems at  $-\$0.45/\text{Mcf}$ , representing a revenue loss for Steward.
9. The casinghead gas produced from Steward's Arrowhead Lease has an  $\text{H}_2\text{S}$  concentration of 9,800 parts per million.
10. The requested SWR 32 exception to flare casinghead gas is necessary for Steward to produce the recoverable hydrocarbon liquids from the Arrowhead Lease.
11. At the hearing, Steward 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. SWR 32 requires gas to be utilized for purposes and uses authorized by law unless authorized. 16 Tex. Admin. Code § 3.32(b).
4. SWR 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. Steward has met the requirements in SWR 32 to flare 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 Steward Energy II, LLC (819609) is granted a two-year exception to Statewide Rule 32. Its request for authority to flare casinghead gas from the flare point on the Arrowhead (70454) Lease, Platang (San Andres) Field, Yoakum County, Texas, from April 18, 2019 to April 17, 2021, as reflected in attached Attachment A, is **APPROVED**.

This authority is granted, provided all production is reported on the appropriate Commission forms. Steward 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 flare point on the Arrowhead (70454) Lease, Platang (San Andres) Field, Yoakum County, Texas. 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 November 19, 2019

**RAILROAD COMMISSION OF TEXAS**

**(Order approved and signatures affixed by  
Hearings Division's Unprotested Master  
Order dated November 19, 2019)**

**ATTACHMENT A**

Flare Permit Number	Commingled Permit Number	Flare Location/System Name	Permit Start Date	Permit End Date	Maximum Daily Flare Volume (Mcf/d)	Maximum Monthly Flare Volume (Mcf/m)	Casinghead or Gas Well Gas
27994	NA	Arrowhead (70454) Lease	4/18/2019	4/17/2021	100	3,100	Casinghead

Note: Mcfd = thousand cubic feet per day  
Mcfm = thousand cubic feet per month