

**RAILROAD COMMISSION OF TEXAS  
HEARINGS DIVISION**

**OIL AND GAS DOCKET NO. 08-0322004**

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**APPLICATION OF GUIDON ENERGY MGMT SERVICES LLC (337328) FOR AN  
EXCEPTION TO STATEWIDE RULE 32 FOR THE HOLT RANCH SOUTH CENTRAL  
FACILITY, SPRABERRY (TREND AREA) FIELD, MARTIN COUNTY, TEXAS**

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**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 October 9, 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. Guidon Energy MGMT Services, LLC ("Guidon" or "Applicant") seeks a two-year exception to 16 Tex. Admin. Code § 3.32 ("Statewide Rule 32") for authority to flare 4540 thousand cubic feet per day ("Mcf/d"), limited to 140,000 thousand cubic feet per month ("Mcfm") of casinghead gas from October 12, 2019, to October 11, 2021, from the Holt Ranch South Central Facility ("Holt Ranch South CF"), Spraberry (Trend Area) Field, Martin County, Texas.
2. Guidon submitted a request for hearing for the Statewide Rule 32 exception dated July 19, 2019.
3. On September 23, 2019, the Hearings Division of the Commission sent a Notice of Hearing ("Notice") to the Applicant and offsetting operators in the field setting a hearing date of October 9, 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.
4. The hearing was held on October 9, 2019, as noticed. Applicant appeared and participated at the hearing. No protest was received.
5. The Commission previously granted Guidon an administrative exception to Statewide Rule 32 to flare casinghead gas from various flare points and their associated Subject Lease(s) identified in Attachment A to this Final Order.
6. The comingled leases' gas is gathered and sold to WTG Gas Processing, L.P. ("WTG"). All the subject comingled leases are connected to a sales pipeline.

7. The WTG lines were constructed to handle sparse vertical well development and cannot take the amounts of casinghead gas produced by densely developed horizontal production.
8. The leases' gas is dedicated to WTG. Due to the high percentages of produced casinghead gas not able to enter the sales line, Guidon is waiting on Energy Transfer Company to build pipelines in the area to provide multiple sales outlets for the gas not taken by WTG.
9. The casinghead gas well production rates and flaring histories for the Subject Leases and associated wells were utilized to establish the maximum daily flare volumes and monthly flare volumes limitations anticipated for routine maintenance and system upsets. The authorized exception to Statewide Rule 32 for each separate flare point is identified in Attachment A to this Final Order.
10. The daily and monthly limiting volumes of flared gas requested by Applicant are less than historical peak daily production and historical flared volumes.
11. The requested Statewide Rule 32 exception to flare casinghead gas is necessary for Guidon to produce the recoverable oil from the Subject Leases.
12. At the hearing, Guidon 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. Guidon has met the requirements in Statewide Rule 32 to flare casinghead gas based on pipeline capacity, maintenance issues and their associated minor upsets which are routine oil and gas production operations and not operating emergency system upsets or other unplanned conditions. *See, e.g.*, 16 Tex. Admin. Code § 3.32(f), (h)(5).

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 Guidon Energy MGMT Services LLC is granted a two-year exception to Statewide Rule 32 to flare casinghead gas from the Holt Ranch South Central Facility, Spraberry (Trend Area) Field, Martin County, Texas. The maximum daily and monthly flare volumes for the flare point is identified in Attachment A to this Final Order.

This authority is granted, provided all production is reported on the appropriate Commission forms. Guidon 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 February 11, 2020**

**RAILROAD COMMISSION OF TEXAS**

**(Order approved and signatures affixed by  
Hearings Division's Unprotested Master  
Order dated February 11, 2020)**

**ATTACHMENT A – FLARE EXCEPTION AUTHORITY**

Exception No.	Commingle Permit No. or Lease No. (if Applicable)	Lease Name, Individual Flare Stacks	Exception Start Date	Exception End Date	Administrative Exception Authority  <i>Expiring Date and Approved Flaring Volumes</i>	Maximum Flare Volumes		Casinghead Gas or Gas Well Gas
						Mcfd (1)	Mcfm (2)	
40191	08-8682	Holt Ranch South Central Facility	10/12/2019	10/11/2021	10/11/2019 7,778 Mcfd	4,540 Mcfd 140,000 Mcfm	Casinghead	

**Note:**

**Mcfd = Thousand Cubic Feet Per Day**

**Mcfm = Thousand Cubic Feet Per Month**

**(1) = Mcfd based on daily gas production**

**(2) = Mcfm based on gas production, flare volumes and flaring frequency**