

**RAILROAD COMMISSION OF TEXAS  
HEARINGS DIVISION**

**OIL AND GAS DOCKET NO. 08-0322008**

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**APPLICATION OF GUIDON ENERGY MGMT SERVICES LLC (337328) FOR AN  
EXCEPTION TO STATEWIDE RULE 32 FOR THE VARIOUS LEASES, VARIOUS  
WELLS, 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 10, 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 a maximum of 9,500 thousand cubic feet per day ("Mcf/d"), with no monthly flare volume limitation, of casinghead gas from the Margaret M4 Battery, Spraberry (Trend Area) Field, in 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 10, 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 October 10, 2019, as noticed. Applicant appeared and participated at the hearing. No protest was received.
4. Guidon was previously granted an administrative exception to Statewide Rule 32 under Flare Permit No. 39971 to flare volumes ranging from 1,266 Mcfd to 5,750 Mcfd of casinghead gas from Margaret M4 Battery, expiring October 15, 2019.
5. The Margaret M4 Battery is permitted under Commingle Permit No. 08-8601. As of the date of the hearing, six (6) wells are connected to the Margaret M4 Battery. Guidon plans to drill (16) sixteen more wells during the requested two-years Statewide 32 exception period.

6. The Margaret M4 Battery is connected to a sales pipeline, and the casinghead gas produced from the wells connected to the Margaret M4 Battery ("Wells") is gathered and sold to Navitas MDSTR Midland Basin, LLC ("Navitas").
7. Plant shut-downs, pipeline maintenance, and compressor issues have caused Navitas to be unable to accept 100 percent of the casinghead gas generated from the Wells.
8. The casinghead gas produced from the Wells is dedicated to Navitas. Due to the high percentages of produced casinghead gas not able to enter the sales line, Guidon is expecting pipelines to be built in the area to provide multiple sales outlets for the gas not taken by Navitas.
9. Casinghead gas production volumes are expected to increase due to the sixteen (16) new wells coming online in 2020.
10. The Commission sent a letter dated January 7, 2020 indicating that Examiners would recommend an amended daily flare volume of 7,500 Mcfd, limited to 146,250 thousand cubic feet per month ("Mcfm"), for a one-year Statewide Rule 32 exception period. The daily flare volume was calculated by using the highest monthly projection after new wells come online in January 2020, and the monthly flare volume was calculated by using the highest projected monthly flare volume and the maximum percentage of casinghead gas flared per month since November 2018. The period of one year for the Statewide Rule 32 exception is based on the anticipated changing conditions with the Wells and the gathering system over the next year.
11. On January 20, 2020, the Commission received a letter from Guidon stating that Guidon would not find the amended flare volumes for a one-year exception period adverse.
12. Based on the production and historical flare rates, the estimated volume of casinghead gas to be flared from the Margaret M4 Battery would be a maximum of 7,500 Mcfd, limited to 146,250 Mcfm, from October 16, 2019 to October 15, 2020.
13. The amended Statewide Rule 32 exception to flare a maximum of 7,500 Mcfd, limited to 146,250 Mcfm, of casinghead gas from the Margaret M4 Battery is necessary to prevent shutting in the Wells, which would result in a reduction of production capability.

14. 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 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 one-year exception to Statewide Rule 32 to flare a maximum of 7,500 Mcfd, limited to 146,250 Mcfm, of casinghead gas from the Margaret M4 Battery, Spraberry (Trend Area) Field, in 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 in Attachment A. 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 March 4, 2020**

**RAILROAD COMMISSION OF TEXAS**

**(Order approved and signatures affixed by  
Hearings Division's Unprotected Master  
Order dated March 4, 2020)**

**ATTACHMENT A – FLARE EXCEPTION AUTHORITY**

Exception No.	Commingle Permit No. (If Applicable)	Lease Name, Individual Flare Stacks	Exception Start Date	Exception End Date	Administrative Exception Authority	Maximum Flare Volumes	Casinghead Gas or Casinghead Gas
					<i>Expiring Date and Approved Flaring Volumes</i>	Mcfd (1) Mcfm (2)	
39971	08-8601	Margaret M4 Battery	October 16, 2019	October 15, 2020	October 15, 2019 5,750 Mcfd	7,500 Mcfd 146,250 Mcfm	Casinghead Gas

**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**