

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

OIL AND GAS DOCKET NO. 08-0322010

**APPLICATION OF GUIDON ENERGY MGMT SERVICES LLC (337328) FOR AN
EXCEPTION TO STATEWIDE RULE 32 FOR VARIOUS LEASES, VARIOUS WELLS,
SPRABERRY (TREND AREA) FIELD, MARTIN 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 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 4,800 thousand cubic feet per day, with no monthly flare volume limitation, of casinghead gas from the Airstrip Battery, in the 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 348 Mcfd to 2,093 Mcfd of casinghead gas from Airstrip Battery, expiring July 30, 2019.
5. The Airstrip Battery is permitted under Comingle Permit No. 08-8050. As of the date of the hearing, eight (8) of the wells connected to the Airstrip Battery were on the proration schedule, and six (6) of the wells were recently drilled and not yet on the proration schedule.

6. The Airstrip Battery is connected to a sales pipeline, and the casinghead gas produced from the wells connected to the Airstrip Battery ("Wells") is gathered and sold to WTG Gas Processing, L.P. ("WTG").
7. High line pressure, plant shut-downs, pipeline maintenance, and compressor issues have caused WTG to be unable to accept 100 percent of the casinghead gas produced from the Wells.
8. The casinghead gas produced from the Wells is dedicated to WTG. 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.
9. Casinghead gas production volumes are expected to increase due to the six (6) new wells recently coming online.
10. The Commission sent a letter dated January 7, 2020 indicating Examiners would recommend a monthly volume limitation of 87,000 thousand cubic feet per month ("Mcfm"), for a one-year Statewide Rule 32 exception period. The monthly flare volume was calculated by using the highest monthly projection as a result of the new wells recently coming online and the maximum percentage of casinghead gas flared per month in the past year. 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 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 Airstrip M4 Battery would be a maximum of 4,800 Mcfd, limited to 87,000 Mcfm, from July 31, 2019 to July 30, 2020.
13. The amended Statewide Rule 32 exception to flare a maximum of 4,800 Mcfd, limited to 87,000 Mcfm, of casinghead gas from the Airstrip 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 casinghead gas from the Integrity Central Facility, Well Nos. 1LB and 2LA, in the 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 Unprotested Master
Order dated March 4, 2020)**

ATTACHMENT A – FLARE EXCEPTION AUTHORITY

Permit No.	Commingle Permit No. or Lease No. (if Applicable)	Lease Name, Individual Flare Stacks	Permit Start Date	Permit End Date	Administrative Exception Authority <i>Expiring Date and Approved Flaring Volumes</i>	Maximum Flare Volumes		Casinghead Gas or Gas Well Gas
						Mcf (1)	Mcfm (2)	
39985	08-8050	Airstrip Battery	July 31, 2019	July 30, 2020	July 30, 2019	4,800 Mcfd	87,000 Mcfm	Casinghead Gas

Note:

Mcf = Thousand Cubic Feet Per Day

Mcfm = Thousand Cubic Feet Per Month

(1) = Mcf based on daily gas production

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