

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

OIL AND GAS DOCKET NO. 08-0322007

**APPLICATION OF GUIDON ENERGY MGMT SERVICES LLC (337328) FOR AN
EXCEPTION TO STATEWIDE RULE 32 FOR THE HOLT RANCH NORTH CENTRAL
FACILITY, 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 9, 2019, by a Commission Technical Examiner and Administrative Law Judge (“Examiners”). 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 12,511 thousand cubic feet per day (“Mcf/d”) casinghead gas multiplied by the calendar days of a particular month from the Holt Ranch North Central Facility (“Holt Ranch 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”) and DCP Operating Company L.P. (“DCP”). All the subject comingled leases are connected to a sales pipeline.

7. The WTG and DCP 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 Examiners recommended a one-year term of the permit due to rapidly changing pipeline takeaway conditions and high volumes of flared gas at the Holt Ranch CF. Guidon expects a new sales pipeline to be installed by April 2020. Guidon does not find a one-year term adverse.
9. The estimated volume of casinghead gas to be flared would be 143,000 Mcfm.
10. The administrative approval volume of 3,550 Mcfd is carried through January 31, 2020, during the hearing process.
11. Based on the evidence admitted into the record, the Examiners recommended reducing the monthly volumes requested by Applicant to 12,511 Mcfd, limited to 143,000 Mcfm on the Holt Ranch CF beginning in February 1, 2020. Applicant does not consider the Examiners' recommended volumes for these dates as adverse.
11. 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.
12. 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.
13. The requested Statewide Rule 32 exception to flare casinghead gas is necessary for Guidon to produce the recoverable oil from the Subject Leases.
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 Holt Ranch North 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. Within 30 days of the effective date of this order, Applicant shall file the Statewide Rule 32 Exception Data Sheet and the required fee for a Statewide Rule 32 exception for each flare point. See 16 Tex. Admin. Code § 3.32(h)(1). This order, and the authority to flare granted herein, is **VOID** if the required fee is not paid by Applicant within 30 days of the effective date of this order.

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 this Final Order is final and effective on the date the Master Order relating to this Final Order is signed.**

Signed on April 21, 2020

RAILROAD COMMISSION OF TEXAS

**(Order approved and signatures affixed by
Hearings Division's Unprotested Master
Order dated April 21, 2020)**

ATTACHMENT A – FLARE EXCEPTION AUTHORITY

Exception No.	Commingle Permit No. or Lease No. (If Applicable)	Lease Name, Individual Flare Stacks Latitude (1) Longitude (2)	Exception Start Date	Exception End Date	Administrative Exception Authority	Maximum Flare Volumes	Casinghead Gas or Gas Well Gas
					<i>Expiring Date and Approved Flaring Volumes</i>	Mcfd (1) Mcfm (2)	
39986	08-8172	Holt Ranch CF (1) Lat: 32.42027 (2) Long: -102.12448	8/17/2019	1/31/2020	(1) 8/16/2019 3,550 Mcfd (2) 2/28/2019 2,510 Mcfd (3) 4/11/2019 1,222 Mcfd (4) 4/4/2019 1,363 Mcfd	3,550 Mcfd	Casinghead
39986	08-8172	Holt Ranch CF (1) Lat: 32.42027 (2) Long: -102.12448	2/1/2020	8/16/2020	(1) 8/16/2019 3,550 Mcfd (2) 2/28/2019 2,510 Mcfd (3) 4/11/2019 1,222 Mcfd (4) 4/4/2019 1,363 Mcfd	12,511 Mcfd 143,000 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