



# RAILROAD COMMISSION OF TEXAS

## HEARINGS DIVISION

**OIL & GAS DOCKET NO. 8A-0307228**

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**THE APPLICATION OF STEWARD ENERGY II, LLC FOR AN EXCEPTION TO STATEWIDE RULE 32 TO FLARE CASINGHEAD GAS FROM THE THUNDERSTRUCK LEASE, SABLE (SAN ANDRES) FIELD, YOAKUM COUNTY, TEXAS**

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**HEARD BY:** Richard Eyster, P. G. – Technical Examiner  
Ryan Lammert – Administrative Law Judge

**HEARING DATE:** November 30, 2017

**CONFERENCE DATE:** January 23, 2018

**APPEARANCES:**

James M. Clark, P.E.

Steward Energy II, LLC

**EXAMINERS' REPORT AND RECOMMENDATION**

**STATEMENT OF THE CASE**

Steward Energy II, LLC (Steward) seeks an exception to Statewide Rule 32 (16 Tex. Admin. Code §3.32) to flare casinghead gas from the thunderstruck Lease, Sable (San Andres) Field, Yoakum County, Texas at a rate of 800 mcf/d for a period of two years. The application is not protested and the Technical Examiner and the Administrative Law Judge (collectively the Examiners) recommend the exception be granted.

**DISCUSSION OF THE EVIDENCE**

Statewide Rule 32 governs the utilization of gas well gas and casinghead gas produced by oil and gas wells under the jurisdiction of the Railroad Commission. Steward stated that the Thunderstruck Lease in the Sable (San Andres) Field is an oil reservoir and the casinghead gas accounts for a small percentage of the overall revenue stream. The casinghead gas from the lease is under a dedicated contract for delivery to a gas gathering system operated by Targa Midstream Service, LLC. Due to the rapid

development of this play the maximum line pressure of the Targa has been reached and Targa cannot accept additional gas. The gathering line pressure restraints results in Steward needing to flare a portion of the produced gas each month. To be able to sell all the produced gas Steward has signed a contract with Stakeholder Midstream, LLC which is supposed to come on line by the 4<sup>th</sup> quarter of 2018. Therefore, Steward is requesting to flare 800 mcf/d from the Thunderstruck Lease for a two year period from September 30, 2017 through September 30, 2019.

### **FINDINGS OF FACT**

1. Notice of this hearing was given to all parties entitled to notice at least ten days prior to the date of hearing.
2. Steward applied for a hearing to extend the flaring authority more than 21 days before the administrative permits expired.
3. Steward is requesting to flare 800 mcf/d from the Thunderstruck Lease for a two year period from September 30, 2017 through September 30, 2019.
4. Due to the rapid development of this play the maximum line pressure of the Targa has been reached and Targa cannot accept additional gas.
5. Without a Final order authorizing the flaring, Steward will have to shut the wells in causing waste and possible harm to the reservoir.

### **CONCLUSIONS OF LAW**

1. Resolution of the subject application is a matter committed to the jurisdiction of the Railroad Commission of Texas. Tex. Nat. Res. Code § 81.051.
2. All notice requirements have been satisfied. 16 Tex. Admin. Code §§ 1.43 and 1.45.
3. Steward Energy, LLC has met the requirements in 16 Tex. Admin. Code § 3.32 for an exception to the limitations in that section regarding the requested authority to flare casinghead gas produced from the four leases.

### **EXAMINERS' RECOMMENDATION**

Based on the above findings of fact and conclusions of law, the Examiners recommend the Commission enter an order approving the application as requested by Steward Energy, LLC.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read 'R. Eyster', with a stylized flourish at the end.

Richard Eyster, P. G.  
Technical Examiner

A handwritten signature in blue ink, appearing to read 'R. Lammert', with a stylized flourish at the end.

Ryan Lammert  
Administrative Law Judge