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DANA AVANT LEWIS
DIRECTOR

RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL & GAS DOCKET NO. 08-0314325

APPLICATION OF BLUESTONE NATURAL RESOURCES II, LLC (076861) FOR AN EXCEPTION TO STATEWIDE RULE 32 FOR THE PUCKETT TRUSTS C STATE (46450) LEASE, WELL NO. 1H, WOLFBONE (TREND AREA) FIELD, PECOS COUNTY, TEXAS

HEARD BY: Petar Buva – Technical Examiner
Jennifer N. Cook – Administrative Law Judge

HEARING DATE: October 19, 2018

CONFERENCE DATE: December 11, 2018

APPEARANCES: **REPRESENTING:**

APPLICANT: Bluestone Natural Resources II, LLC
Greg Cloud (Consulting Engineer)

EXAMINERS' REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Bluestone Natural Resources II, LLC (076861) is requesting a Statewide Rule 32 flaring exception for the Puckett Trusts C State (46450) Lease, Well No. 1H, in the Wolfbone (Trend Area) Field, Pecos County, Texas. There are no offset operators in the field and no protest to the application was received. Bluestone Natural Resources II, LLC ("Bluestone") contends that it is currently not economical to build a pipeline to bring the produced casinghead gas to market, as the well produces less than 60 MCF per day. The Technical Examiner and Administrative Law Judge (collectively, "Examiners") recommend approval of a Statewide Rule 32 exception for Well No. 1H on the Puckett Trusts C State Lease as requested by Bluestone.

DISCUSSION OF THE EVIDENCE

Statewide Rule 32 governs the utilization for legal purposes of natural gas produced under the jurisdiction of the Railroad Commission. Specifically, Statewide Rule 32(j) *Opportunity for hearing* states that an operator may request a hearing on any application for a flaring exception, or flaring exception renewal required by this section.

Bluestone requests an exception to Statewide Rule 32 for its flare located on the Puckett Trusts C State (46450) Lease, Well No. 1H. Bluestone requests permission to flare a maximum of 60 thousand cubic feet (MCF) per day of casinghead gas for up to 2 years from September 30, 2018 to September 29, 2020.

Bluestone filed a hearing request on July 30, 2018. The prior administrative flaring exception, Oil & Gas Docket No. 08-0301642, authorized flaring for well 1H from September 30, 2016 through September 29, 2018 for a total of 2 years and maximum of 60 MCF per day.

The subject well is in an isolated portion of Pecos County with the nearest gas gathering pipeline more than 1 mile away. Bluestone contends that it is currently not economical to build a pipeline to bring the produced casinghead gas to market, as the well produces less than 60 MCF per day.

Bluestone agreed that 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.

FINDINGS OF FACT

1. Notice of this hearing was given to offset operators in the subject field at least ten days prior to the date of hearing. There were no protests to the application.
2. On July 30, 2018, the Commission received a hearing request from Bluestone for an exception to Statewide Rule 32 for well No. 1H.
3. Bluestone requests an exception to Statewide Rule 32 in the application for a period of two years from September 30, 2018 through September 29, 2020 to flare a maximum of 60 MCF per day of casinghead gas.
4. Well 1H was flaring under the Oil & Gas Docket No. 08-0314325 that expired on September 29, 2018.
5. Bluestone agreed in writing or on the record that, 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.

CONCLUSIONS OF LAW

1. Notice was issued as required by applicable statutes and commission rules.
2. All things have occurred and been accomplished to give the Commission jurisdiction in this matter.
3. The requested authority to flare casinghead gas satisfies the requirements of Statewide Rule 32. 16 Tex. Admin. Code § 3.32 (h).
4. Pursuant to §2001.144(a)(4)(A) of the Texas Government Code and by agreement of the parties in writing or on the record, the Final Order can be final and effective when a Master Order relating to this Final Order is signed.

EXAMINERS' RECOMMENDATION

Based on the above findings of fact and conclusions of law, the Examiners recommend that the Commission grant an exception to Statewide Rule 32 from September 30, 2018 through September 29, 2020 of maximum 60 MCF per day for the Puckett Trusts C State (46450) Lease, Well No. 1H, in the Wolfbone (Trend Area) Field, Pecos County, Texas as requested by Bluestone Natural Resources II, LLC.

Respectfully submitted,



Petar Buva
Technical Examiner



Jennifer N. Cook
Administrative Law Judge