



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL & GAS DOCKET NO. 03-0306156

THE APPLICATION OF MARQUEE CORPORATION FOR AN EXCEPTION TO STATEWIDE RULE 32 TO FLARE CASINGHEAD GAS FROM THE SEABERG LEASE, WELL NO.1, MARTHA SOUTH, (PALMER SAND) FIELD, LIBERTY COUNTY, TEXAS.

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

HEARING DATE: October 9, 2017

CONFERENCE DATE: November 7, 2017

APPEARANCES:

Miles Roeder

Marquee Corporation

EXAMINERS' RMARQUEE ORT AND RECOMMENDATION

STATEMENT OF THE CASE

Marquee Corporation (Marquee) seeks an exception to Statewide Rule 32 (16 Tex. Admin. Code §3.32) to flare casinghead gas from the Seaberg Lease, Well No.1, Martha South (Palmer Sand) Field, Liberty County, Texas. Marquee seeks two-year authority to flare up to 150 MCF/D of Casinghead gas from September 7, 2017 through September 7, 2019. 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. Marquee received a 180 day administrative permit (Permit No. 29390) authorizing the flaring of 100. On August 2, 2017 Marquee applied for a hearing to extend the flaring exception

due to the lack of a pipeline in the area. Marquee introduced evidence into the record showing that the nearest pipeline connection is over three miles from the Seaberg Well No.1, the only well on the lease. Marquee calculates that it would cost \$738,240 to install the pipeline and associated infrastructure. Gross revenue from the well will be \$389,700 which will be a loss of \$348,540. The costs of marketing this gas uneconomic at this time. Therefore, Marquee seeks a Commission final order granting two-year authority to flare up to 150 MCF/D from The Walker Lease flare point from September 7, 2017 through September 7, 2019. Marquee stated that without additional flaring authority they will have to shut the wells in causing waste and perhaps harm to the reservoir.

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. Marquee applied for a hearing to extend the flaring authority more than 21 days before the administrative permits expired.
3. Marquee is requesting to flare 150 mcf/d of casinghead gas for two years from September 7, 2017 through September 7, 2019.
4. Marquee calculates marketing the gas is uneconomic at this time
5. Without a Final order authorizing the flaring, Marquee 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. Marquee Corporation 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 gas produced from the wells connected to the subject flare point.

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 the Marquee Corporation.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read 'R. Eyster', with a horizontal line drawn through the middle of the signature.

Richard Eyster, P. G.
Technical Examiner

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

Ryan Lammert
Administrative Law Judge