

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

OIL AND GAS DOCKET NO. 8A-0320298

**APPLICATION OF HADAWAY CONSULTING AND ENGINEERING, LLC (342392)
FOR AN EXCEPTION TO STATEWIDE RULE 32 FOR THE OLD SWITCHEROO 418
(70780) LEASE, GIDDYUP 611 (70644) LEASE, AND THE STOPPED SHORT 396-365
B UNIT (70689) LEASE, SABLE (SAN ANDRES) FIELD, YOAKUM 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 July 31, 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. Hadaway Consulting and Engineering, LLC ("Hadaway" or "Applicant") seeks the following exceptions to Statewide Rule 32 ("Statewide Rule 32") for authority to flare casinghead gas in the Sable (San Andres) Field, in Yoakum County, Texas:
 - a. a two-year Statewide 32 exception to flare on the Old Switcheroo 418 (70780) Lease ("Old Switcheroo Lease") a maximum of 2,500 thousand cubic feet per day ("Mcf"), limited to 75,000 thousand cubic feet per month ("Mcfm"), of casinghead gas from March 1, 2019 to February 28, 2021;
 - b. a two-year Statewide 32 exception to flare on the Giddyup 611 (70644) Lease ("Giddyup Lease") a maximum of 100 Mcfd, limited to 3,000 Mcfm, of casinghead gas from April 1, 2019 to March 31, 2021; and
 - c. a two-year Statewide 32 exception to flare on the Stopped Short 396-365 (70689) Lease ("Stopped Short Lease") a maximum of 150 Mcfd, limited to 4,500 Mcfm, of casinghead gas from April 1, 2019 to March 31, 2021.
2. Hadaway submitted a request for hearing on the Statewide Rule 32 exception flaring authority on May 16, 2019.
3. Hadaway was granted the following administrative exceptions to Statewide Rule 32 on May 29, 2019:
 - a. to flare on the Old Switcheroo 4 Lease a maximum casinghead gas volume of 3,000 Mcfd under Flare Permit No. 39532, expiring February 28, 2019;

- b. to flare on the Giddyup Lease a maximum casinghead gas volume of 500 Mcfd under Flare Permit No. 39534, expiring March 30, 2019; and
 - c. to flare on the Stopped Short Lease a maximum casinghead gas volume of 500 Mcfd under Flare Permit No. 39533, expiring March 30, 2019.
4. On July 2, 2019 the Hearings Division of the Commission sent a Notice of Hearing ("Notice") to Applicant and all offsetting operators in the field setting a hearing date of July 31, 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 July 31, 2019, as noticed. Applicant appeared and participated at the hearing. No one appeared in protest.
5. The Old Switcheroo and Stopped Short Leases are tied into the Stakeholder Midstream gas gathering pipeline, but the midstream provider is unable to gather the casinghead gas due to capacity and compression issues at this time.
6. The Giddyup Lease is not connected to a pipeline. The nearest available tie-in to a gas pipeline is approximately 17,657 feet from the Giddyup Lease. The cost to connect the Lease to the pipeline is estimated to be approximately \$957,895, which makes it uneconomical to construct a pipeline to connect the Giddyup Lease to the Stakeholder Midstream gathering system.
7. Gas pipelines to take the casinghead gas from the Old Switcheroo, Stopped Short, and Giddyup Leases are unavailable.
8. Based on the well production data, the estimated volume of casinghead gas to be flared would be a maximum of 2,500 Mcfd from the Old Switcheroo Lease, 100 Mcfd from the Giddyup Lease, and 150 Mcfd from the Stopped Short Lease.
9. The requested Statewide Rule 32 exception to flare a maximum of 2,500 Mcfd from the Old Switcheroo Lease, 100 Mcfd from the Giddyup Lease, and 150 Mcfd from the Stopped Short Lease of casinghead gas is necessary for Hadaway to produce the recoverable oil from the leases.
10. At the hearing, Hadaway 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. Hadaway has met the requirements in Statewide Rule 32 to flare the following casinghead gas volumes, and the flaring of such gas is necessary:
 - a. a maximum of 2,500 Mcfd, limited to 75,000 Mcfm, of casinghead gas from the Old Switcheroo Lease;
 - b. a maximum of 100 Mcfd, limited to 3,000 Mcfm, of casinghead gas from the Giddyup Lease; and
 - c. a maximum of 150 Mcfd, limited to 4,500 Mcfm, of casinghead gas from the Stopped Short Lease.
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 Hadaway Consulting and Engineering, LLC (342392) ("Hadaway") be granted a two-year exception to Statewide Rule 32. Its request for authority to flare from the Old Switcheroo 418 (70780) Lease, Giddyup 611 (70644) Lease, and Stopped Short 396-365 B Unit (70689) Lease, as reflected in attached Attachment A is **APPROVED**.

This authority is granted, provided all production is reported on the appropriate Commission forms. Hadaway 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 on the Old Switcheroo 418, Giddyup 611, and Stopped Short 396-365 Leases. 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 October 1, 2019.

RAILROAD COMMISSION OF TEXAS

**(Order approved and signatures affixed by
Hearings Division's Unprotected Master
Order dated October 1, 2019.)**

ATTACHMENT A – FLARE EXCEPTION AUTHORITY

Permit No.	Commingle Permit No. (if Applicable)	Lease Name, Individual Flare Stacks	Permit Start Date	Permit End Date	Maximum Flare Volume (Mcf/d & Mcfm)	Casinghead Gas or Gas Well Gas
39532	N/A	Old Switcheroo 418	May 16, 2019	May 15, 2021	2,500 Mcfd, 75,000 Mcfm	Casinghead Gas
39534	N/A	Giddyup 611	May 16, 2019	May 15, 2021	100 Mcfd, 3,000 Mcfm	Casinghead Gas
39533	N/A	Stopped Short 396-365 B Unit	May 16, 2019	May 15, 2021	150 Mcfd 4,500 Mcfm	Casinghead Gas

Note:
Mcf/d = Thousand Cubic Feet Per Day
Mcfm = Thousand Cubic Feet Per Month