



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL AND GAS DOCKET NO. 01-0289576

THE APPLICATION OF SN OPERATING, LLC FOR AN EXCEPTION TO STATEWIDE RULE 32 FOR THE FOURTEEN FLARE POINTS ON VARIOUS LEASES FOR THE EAGLEVILLE (EAGLE FORD-1) FIELD MCMULLEN COUNTY, TEXAS

HEARD BY: Karl Caldwell – Technical Examiner
Cecile Hanna – Legal Examiner

DATE OF HEARING: July 11, 2014

APPEARANCES:

REPRESENTING:

APPLICANT:

Dale Miller
Richard Atkins, P.E.

SN Operating, LLC

EXAMINERS' REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

SN Operating, LLC ("SN") requests a two year exception to Statewide Rule 32 to flare casinghead gas from thirteen flare points in the Eagleville (Eagle Ford-1) Field, La Salle and McMullen Counties, Texas. Notice was provided to offset operators surrounding the subject flare points and no protests were received. The application is unprotested and the examiners recommend approval of the exception to Statewide 32 to flare casinghead gas at the thirteen flare points as requested by SN.

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(h) provides that an exception to flare natural gas in volumes greater than 50 MCFPD per well may be granted administratively for a period up to 180 days. Beyond that, Statewide Rule 32(h) provides that exceptions shall be granted only in a final order

signed by the Commission. In the context of the subject application, SN is requesting an exception to flare casinghead gas produced from various leases as provided by Statewide Rule 32(h).

SN is requesting authority to flare casinghead gas on an emergency basis, at thirteen flare points located on various leases that are currently hooked up to a gas sales line. All leases are currently tied into the Regency system. Due to interruptions, equipment down time and the completion of new wells in the field, emergency flaring is requested. The operator wants to sell all gas, however, due to interruptions in the gas gathering system, the operator has flaring needs on occasion that require gas to be flared in excess of twenty-four hours periods. Attachment A lists the current Flare Permits and maximum daily volumes authority for each of the flare points. The Notice of Hearing requested an exception to Statewide Rule 32 for fourteen flare points, but SN discovered there is only one flare point on the Camaro A (Lease ID No. 17323) instead of two. The flare point is labeled as Flare Point 1,2 on Attachments A and B, which is located at latitude, longitude of -98.4761497, 28.6415368. As a result, SN is requesting an exception to Statewide Rule 32 to flare from a total of thirteen separate flare points instead of fourteen flare points, as was originally requested in the Notice of Hearing.

SN requests to flare casinghead gas from the various flare points, up to the maximum daily volumes listed in Table 1. SN also requests that flaring authority be granted for a two year period, commencing the date the previously-granted flare permits expired, through June 1, 2016.

Table 1: Maximum Daily Casinghead Gas Volumes Requested to be Flared.

Flare Point	Lease Name (Lease ID No.)	Maximum Daily Casinghead Gas Volume (MCF per day)	H2S (ppm)
#1,2	Camaro A (17323)	1,750	23,391
#3	Camaro B (17099)	120	600
#4	Cobra (15782)	100	5,200
#5	Cobra B (16349)	450	4,400
#6	Corvette A (17018)	180	3,000
#7	Corvette C (16641)	200	5,000
#8	Gran Torino A (16708)	175	15,000
#9	Gran Torino A (16708)	200	15,000
#10	Mustang (16408)	200	7,000
#11	Mustang (16408)	200	7,000
#12	Mustang (16408)	200	5,000
#13	Sting Ray A (16983)	250	6,000
#14	Sting Ray A (16983)	700	13,924

FINDINGS OF FACT

1. Proper notice of this hearing was given to offset operators of the flare points at least ten days prior to the date of hearing. There were no protests to the application.
2. The wells in the subject application are completed in the Eagleville (Eagle Ford-1) Field located in McMullen County, Texas.
3. SN has received permits to flare casinghead gas from the thirteen flare points that are the subject of this application.
4. An operator is considered temporarily compliant with Statewide Rule 32 until final Commission action on the hearing application if it has requested a hearing at least 21 days prior to the expiration of the existing exception.
5. The subject leases in this application are currently connected to a gas gathering system.
6. SN is requesting an exception to Statewide Rule 32 for the thirteen subject flare points pursuant to 16 TAC §§3.32(h).


CONCLUSIONS OF LAW


1. Proper notice was issued as required by all applicable statutes and regulatory codes.
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 Title 16, Texas Administrative Code 3.32(h).

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 for the thirteen flare points from June 1, 2014, through June 1, 2016, up to the maximum volumes listed in Table 1 for each flare point, as requested by SN Operating, LLC.

Respectfully submitted,


Karl Caldwell
Technical Examiner


Cecile Hanna
Legal Examiner

ATTACHMENT A

**CURRENT STATUS
STATEWIDE RULE 32 EXCEPTIONS
SN OPERATING, LLC
EAGLEVILLE (EAGLE FORD-1) FIELD
MCMULLEN COUNTY, TEXAS**

Flare Point	Lease Name (ID No.)	Well No.	Flare Permit No.	Time Period (Days)	Expiration Date	Flaring Volume (MCFD)
#1,2	Camaro A (17323)	1H	16164	180	5/31/14	300
#1,2	Camaro A (17323)	2H	16165	180	5/31/14	400
#3	Camaro B (17099)	3H	16030	180	5/31/14	35
#3	Camaro B (17099)	4H	16031	180	5/31/14	85
#4	Cobra (15782)	1H	16168	180	5/31/14	100
#5	Cobra B (16349)	1H	16169	180	5/31/14	75
#6	Corvette A (17018)	1H	16166	180	5/31/14	90
#7	Corvette C (16641)	1H	16167	180	5/31/14	50
#8	Gran Torino A (16708)	1H	16026	180	5/31/14	175
#9	Gran Torino A (16708)	11H	16027	180	5/31/14	160
#10	Mustang (16408)	1H	16023	180	5/31/14	200
#11	Mustang (16408)	2H	16024	180	5/31/14	40
#12	Mustang (16408)	3H	16025	180	5/31/14	200
#13	Sting Ray A (16983)	1H	16028	180	5/31/14	150
#14	Sting Ray A (16983)	8H	16029	180	5/31/14	350

OPERATOR: SN OPERATING, LLC
EXHIBIT NO.: 4
DOCKET NO.: 01-0289576
DATE: JULY 11, 2014

ATTACHMENT B

CAMARO A
 FLARE PT #1,2
 LAT/LONG:
 28.6415368,98.4761497

CAMARO B
 FLARE PT #3
 LAT/LONG:
 28.6432393,98.4678666

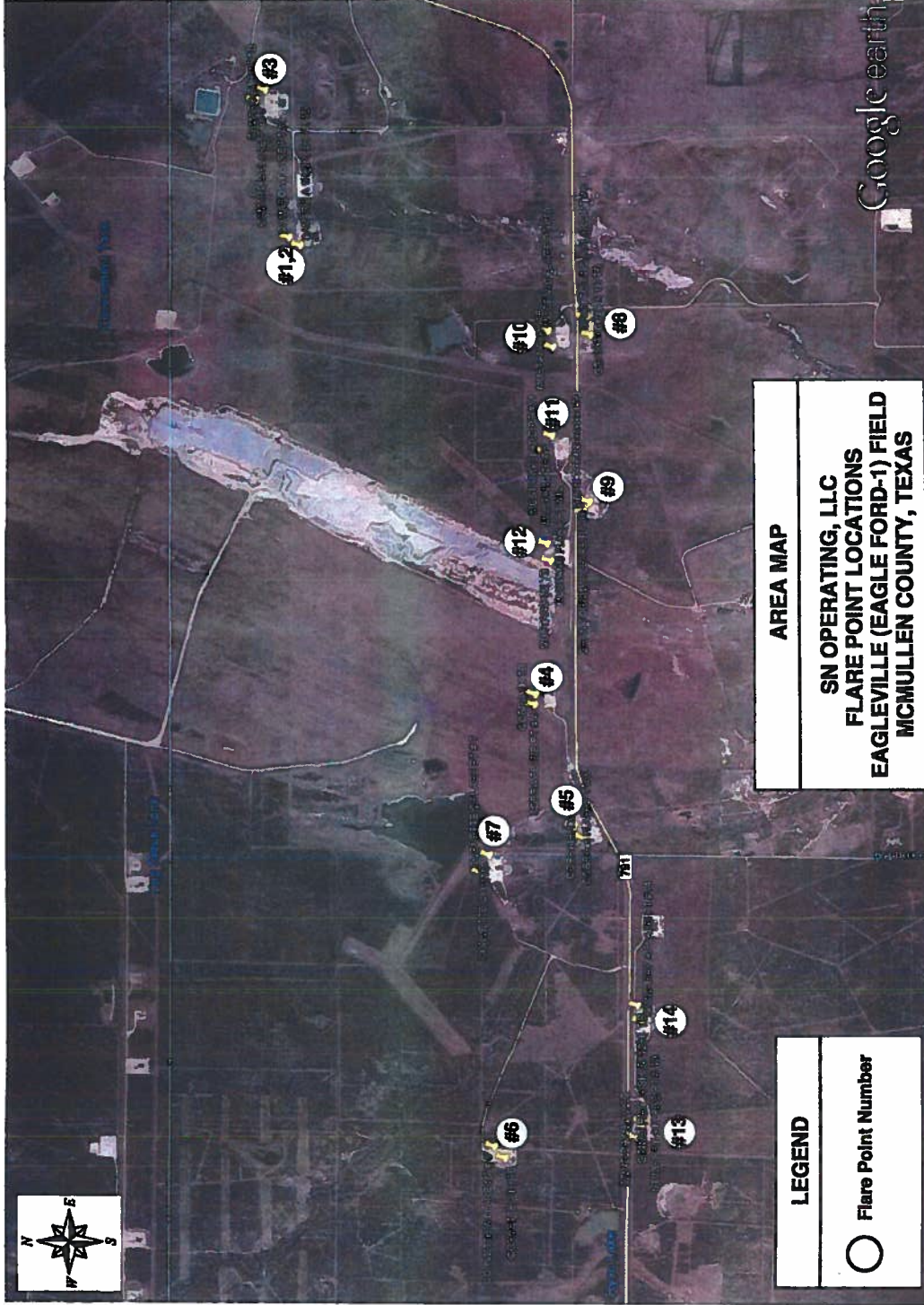
COBRA
 FLARE PT # 4
 LAT/LONG:
 28.6290091,98.5040664

COBRA B
 FLARE PT # 5
 LAT/LONG:
 28.6270194,98.5111615

CORVETTE A
 FLARE PT #6
 LAT/LONG:
 28.6310452,98.5299900

CORVETTE C
 FLARE PT # 7
 LAT/LONG:
 28.6317631,98.5139789

GRAN TORINO A
 FLARE PT # 8
 LAT/LONG:
 28.6261124,98.4823596



GRAN TORINO A
 FLARE PT # 9
 LAT/LONG:
 28.6262135,98.4921347

MUSTANG
 FLARE PT # 10
 LAT/LONG:
 28.6282483,98.4820746

MUSTANG
 FLARE PT # 11
 LAT/LONG:
 28.6284052,98.4891812

MUSTANG
 FLARE PT # 12
 LAT/LONG:
 28.6283433,98.4945463

STING RAY A
 FLARE PT # 13
 LAT/LONG:
 28.6235774,98.528284E

STING RAY A
 FLARE PT # 14
 LAT/LONG:
 28.6236198,98.5224398



miles

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OPERATOR: SN OPERATING, LLC
 EXHIBIT NO.: 1
 DOCKET NO.: 01-0288576
 DATE: JULY 11, 2014