



# RAILROAD COMMISSION OF TEXAS

## HEARINGS DIVISION

**OIL AND GAS DOCKET NO. 01-0292307**

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**THE APPLICATION OF SN OPERATING LLC FOR AN EXCEPTION TO STATEWIDE RULE 32 FOR THE KRAWETZ RANCH A UNIT, WELL NO. A-1H, BRISCOE RANCH (EAGLEFORD) FIELD, ZAVALA COUNTY, TEXAS**

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**HEARD BY:** Paul Dubois – Technical Examiner  
Laura Miles-Valdez – Legal Examiner

**DATE OF HEARING:** November 5, 2014

**CONFERENCE DATE:** January 27, 2015

**APPEARANCES:** **REPRESENTING:**

**APPLICANT:**

David Gross  
Jennifer Ofsowitz

SN Operating LLC

### EXAMINERS' REPORT AND RECOMMENDATION

#### STATEMENT OF THE CASE

SN Operating LLC (SN) requests an exception to Statewide Rule 32 to flare 150 MCF/D of casinghead gas from the Krawetz Ranch A Unit, Well no. A-1H (API No. 507-32886), Briscoe Ranch (Eagleford) Field, Zavala County, Texas. There are no economically viable gas pipeline sales options near the subject well. Notice was provided to offset operators surrounding the above referenced leases. The application is unprotested and the examiners recommend approval of exceptions to Statewide Rule 32 for the Krawetz Ranch A Unit, Well No. A-1H, as requested by SN.

#### 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. In the

subject applications, SN is requesting to flare gas produced by the subject well, as provided in Statewide Rule 32(h).

The subject well is completed in the Briscoe Ranch (Eagleford) Field, located in Zavala County, Texas. The oil well is currently producing about 10-20 BOPD and 100 MCFGD. On August 6, 2013, in Oil and Gas Docket No. 01-0283005, the Commission granted SN authority to flare 300 MCFGD from June 3, 2013 to June 2, 2014. SN obtained an administrative permit to continue flaring until July 18, 2014, because the well was shut in and did not flare for 45 days. SN request authority to flare 150 MCFGD for one additional year, from July 19, 2014, through July 18, 2015. At the hearing, SN indicated that 150 MCF/D would be appropriate, consistent with production data provided at the hearing, and allow for potential variability in production rates for the one year term.

The area currently lacks infrastructure capacity for new gas production. The nearest gas connection is owned by Access Midstream and is about five miles to the northwest. SN testified that Access is considering the construction of an extension that will bring the pipeline to within about one and a half miles from the subject well, but Access has not committed to these plans.

Alternatively, SN estimates that it would cost more than \$1.7 million to construct a gathering line to the Access pipeline five miles away. Economic analysis indicates that such an expenditure would not be viable and result in a loss of about \$1.4 million. In addition, SN indicated that it has no plans for additional wells on the lease.

#### **FINDINGS OF FACT**

1. Proper notice of this hearing was given to all offset operators in the Briscoe Ranch (Eagleford) Field at least ten days prior to the date of hearing. There were no protests to the application.
2. The subject well in this application is completed in the Briscoe Ranch (Eagleford) Field, located in Zavala County, Texas.
3. The well is located approximately 15.5 miles west of the town of Dilley, Texas, in an area that lacks existing oil and gas infrastructure for new production.
4. It is not currently economically viable to construct a pipeline to the nearest gas sales point.
5. SN's current authority to flare (Final Order in Oil & Gas Docket No. 01-0283005) expired on July 18, 2014. On June 19, 2014, SN requested a hearing to extend the authority.

6. SN requested a hearing seeking a Commission Final Order granting authority to flare 150 MCF/D for a period of one year; the hearing was requested before the administrative permit had expired.

**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. Approval of the requested exception to Statewide Rule 32 to flare gas for the subject well will prevent waste of oil and will not harm correlative rights.

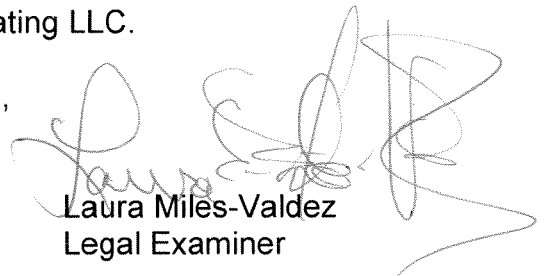
**EXAMINERS' RECOMMENDATION**

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 Krawetz Ranch A Unit, Well No. A-1H, as requested by SN Operating LLC.



Paul Dubois  
Technical Examiner

Respectfully submitted,



Laura Miles-Valdez  
Legal Examiner