



# RAILROAD COMMISSION OF TEXAS

## HEARINGS DIVISION

OIL & GAS DOCKET NO. 01-0305203

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**THE APPLICATION OF SN OPERATING, LLC FOR AN EXCEPTION TO 16 TEX. ADMIN. CODE §3.32 FOR THE HOLDSWORTH UNIT A AND HOLDSWORTH UNIT B PAD, BRISCOE RANCH (EAGLE FORD) FIELD, ZAVALA COUNTY, TEXAS**

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**HEARD BY:** Karl Caldwell – Technical Examiner  
Clayton J. Hoover – Administrative Law Judge

**PREPARED BY:** Paul Dubois – Technical Examiner

**HEARING DATE:** September 22, 2017

**CONFERENCE DATE:** December 5, 2017

**APPEARANCES:**

**APPLICANT:**

Tim George  
Alida Guzzetta

**REPRESENTING:**

SN Operating, LLC

**EXAMINERS' REPORT AND RECOMMENDATION**

**STATEMENT OF THE CASE**

Pursuant to 16 Tex. Admin. Code §3.32 (Statewide Rule 32), SN Operating, LLC ("SN") seeks an exception to flare casinghead gas from the Holdsworth Unit A and Holdsworth Unit B Pad, in the Briscoe Ranch (Eagle Ford) Field, Zavala County, Texas. SN seeks authority to flare up to 200 thousand cubic feet ("mcf") of casinghead gas per day for a period of two years. The application was not protested. The technical examiner and administrative law judge ("Examiners") recommend the exception be granted.

Generally, Statewide Rule 32 governs the utilization for legal purposes of natural gas produced under the jurisdiction of the Railroad Commission. SN seeks relief in the captioned docket pursuant to Statewide Rule 32(f)(2)(D), as follows:

*The commission or the commission's delegate may administratively grant or renew an exception to the requirements of limitations of this subsection*

*subject to the requirements of subsection (h)... if the operator of a well or production facility presents information to show the necessity for the release...*

Statewide Rule 32(h)(4) states:

*Requests for exceptions for more than 180-days and for volumes greater than 50 mcf of hydrocarbon gas per day shall be granted only in a final order signed by the commission.*

Because SN requests an exception for more than 180 days and to flare more than 50 mcf of casinghead gas per day, the procedure to address SN's request for an exception is through a hearing resulting in a final order signed by the Commission.

### **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 the hearing.
2. SN Operating, LLC is the operator of the Holdsworth Unit A Well Nos. 1HW, 1HX, and 1HY, and the Holdsworth Unit B Well No. 1HZ. The wells share a common surface pad and surface facilities, including a flare.
3. Currently these four wells combine to produce about 160 mcf casinghead gas per day. The combined gas production is expected to fall below 50 mcf per day during the year 2022.
4. SN obtained administrative authority (Permit No. 28262) to flare up to 680 mcf gas per day from the Holdsworth Unit A and Unit B wells on the the pad from December 1, 2016 through May 31, 2017.
5. On May 30, 2017, SN requested a hearing to extend the flaring authority.
6. The nearest pipeline is approximately 7.5 miles away.
7. The estimated cost of pipeline construction is \$1.27 million.
8. The cost to treat the gas to attain marketability standards is effectively equal to the current gas price.
9. It is not economical to treat and bring the gas produced from the Holdsworth Unit A and Unit B to market.
10. Authority to flare 200 mcf casinghead gas per day for a period of two years will allow SN to continue to produce hydrocarbon liquids from the lease.

11. At the hearing, the applicant agreed on the record that a Final Order in this case is to be effective when the Master Order is signed.

**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 §§1.41 and 1.42.
3. The requested authority to flare casinghead gas satisfies the requirements of Title 16, Texas Administrative Code 3.32(h).
4. Pursuant to §2001.144(a)(4)(A), of the Texas Government Code, and the agreement of the applicant, this Final Order is effective when a Master Order relating to this Final Order is signed on December 5, 2017.

**EXAMINERS' RECOMMENDATION**

The Examiners recommend approval of the application of SN Operating, LLC for an exception to flare up to 200 mcf of casinghead gas per day for a period of two years from the Holdsworth Unit A / Holdsworth Unit B Pad, Briscoe Ranch (Eagle Ford) Field, Zavala County, Texas.

Respectfully submitted,



Paul Dubois  
Technical Examiner



Clayton J. Hoover  
Administrative Law Judge