



RAILROAD COMMISSION OF TEXAS HEARINGS DIVISION

OIL AND GAS DOCKET NO. 01-0310447

**THE APPLICATION OF SN OPERATING LLC FOR AN EXCEPTION TO STATEWIDE
RULE 32 FOR HAUSSER J PAD (I, J, K, L) UNIT IN THE BRISCOE RANCH (EAGLE
FORD) FIELD, FRIO COUNTY, TEXAS**

HEARD BY: Petar Buva – Technical Examiner
Jennifer Cook – Administrative Law Judge

HEARING DATE: July 13, 2018
CONFERENCE DATE: August 21, 2018

APPEARANCES: **REPRESENTING:**

APPLICANT: SN Operating LLC

Tim George
Alida Guzzetta

EXAMINERS' REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

SN Operating requests Statewide Rule 32 exception renewals for Hausser J Pad (I, J, K, L) Unit wells in the Briscoe Ranch (Eagle Ford) Field, Frio County, Texas. Notice of the application was provided to offset operators in the field and no protests were received. The application is unopposed, and the Technical Examiner and Administrative Law Judge (collectively, "Examiners") recommend approval of Statewide Rule 32 exception renewals for various wells as requested by SN Operating LLC.

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(j) *Opportunity for hearing* states that an operator may request a hearing on any application for an exception, or exception renewal required by this section.

SN Operating, LLC requested an exception to Statewide Rule 32 for its flare located on the Hausser Lease, J Pad. SN operating requested permission to flare a maximum of 800 Mcfd of casinghead gas for up to 730 days from February 26, 2018 to February 26, 2020.

SN Operating filed this hearing request on February 16, 2018. The prior administrative flaring exception permit authorized flaring for up 180 days from August 28, 2017 to February 25, 2018 to a maximum of 300 Mcfd per well.

The flare on the Hausser J Pad serves wells I1H, I2H, I3H, I4H, J1H, J3H, J4H, K1H, K2H, K3H, K4H, L1H, L2H, L3H on the Hausser Lease. Currently these 14 wells combined produce approximately 700-800 Mcfd. The combined production from these wells is not expected to fall below 50 Mcfd before February 26, 2020.

SN Operating evaluated pipeline economics. The nearest pipeline is approximately 5 miles away. The estimated cost of the pipeline connection is \$1,109,000. Taking gas treatment and lease-use gas into account, it is not economical to produce and transport this gas to market.

SN Operating, LLC agreed, that, pursuant to the provisions of Texas Government Code §2001.144(a)(4)(A), this Final Order shall be final and effective on the date a Master Order relating to this Final Order is signed.

FINDINGS OF FACT

1. Notice of this hearing was given to offset operators in the subject field at least ten days prior to the date of hearing. There were no protests to the application.
2. On August 16, 2018, the Commission received a hearing request from SN Operating for an exception to Statewide Rule 32 for various wells.
3. SN Operating LLC requests an exception to Statewide Rule 32 for a period of two years from February 26, 2018 to February 26, 2020.
4. The existing flaring authority, Permit No. 31369, expires February 25, 2018.
5. SN Operating evaluated pipeline economics and established that it is not economical to produce and transport this gas to the market, because the present value of the produced gas is \$ -1,035,270.
6. SN Operating agreed, that, pursuant to the provisions of Texas Government Code §2001.144(a)(4)(A), this Final Order shall be final and effective on the date a Master Order relating to this Final Order is signed.

CONCLUSIONS OF LAW

1. Notice was issued as required by applicable statutes and regulatory codes.
2. All things have occurred and been accomplished to give the Commission jurisdiction in this matter.
3. Title 16, Texas Administrative Code Section 3.32(h)(4) provides for an exception for more than 180 days and for volumes greater than 50 Mcf per day.
4. Pursuant to §2001.144(a)(4)(A), of the Texas Government Code, and the consent of the applicant, the Final Order can be final and effective when a Master Order relating to this Final Order is signed.

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 from February 26, 2018 to February 26, 2020 for the Hausser Lease, J Pad as requested by SN Operating.

Respectfully submitted,



Petar Buva
Technical Examiner



Jennifer Cook
Administrative Law Judge