



# RAILROAD COMMISSION OF TEXAS

## HEARINGS DIVISION

OIL AND GAS DOCKET NO. 01-0310607

**THE APPLICATION OF SN OPERATING LLC FOR AN EXCEPTION TO STATEWIDE RULE 32 FOR HAUSSER LEASE G PAD, WELLS 2H, 3H, G3H, G4H, H3H, AND H4H IN THE BRISCOE RANCH (EAGLE FORD) FIELD, FRIO COUNTY, TEXAS**

**HEARD BY:** Petar Buva – Technical Examiner  
Lynn Latombe – Administrative Law Judge

**HEARING DATE:** July 20, 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 Lease wells 2H, 3H, G3H, G4H, H3H, and H4H 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 wells 2H, 3H, G3H, G4H, H3H, and H4H. SN Operating requested permission to flare a maximum of 400 Mcfd of casinghead gas for up to 730 days from May 6, 2018 to May 6, 2020.

SN Operating filed this hearing request on April 10, 2018. The prior administrative flaring exception permit authorized flaring for up to 180 days from November 5, 2017 to May 5, 2018 to a maximum of 1,200 Mcfd per well.

The flare on the Hausser G Pad serves wells 2H, 3H, G3H, G4H, H3H, and H4H on the Hausser Lease. Wells 2H and 3H are currently flaring under existing Final Order (Oil and Gas docket No. 01-0306155), which authorized SN Operating, LLC to flare 100Mcf effective August 8, 2017 through January 31, 2019. Currently these 6 wells combined produce approximately 300-400 Mcfd. The combined production from these wells is not expected to fall below 50 Mcfd before May 6, 2020.

SN Operating evaluated pipeline economics. The nearest pipeline is approximately 3.5 miles away. The estimated cost of the pipeline connection is \$922,400. 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 April 10, 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 May 6, 2018 to May 6, 2020.
4. The existing flaring authority for wells G3H, G4H, H3H, and H4H, Permit No. 31778 expires May 5, 2018.
5. Wells 2H and 3H are currently flaring under existing Final Order (Oil and Gas docket No. 01-0306155), which expires January 31, 2019.

6. 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 \$ -856,740.
7. 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 May 6, 2018 to May 6, 2020 for the Hausser Lease, G Pad, wells 2H, 3H, G3H, G4H, H3H, and H4H as requested by SN Operating.

Respectfully submitted,



Petar Buva  
Technical Examiner



Lynn Latombe  
Administrative Law Judge