

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

OIL AND GAS DOCKET NO. 01-0317450

**APPLICATION OF SN OPERATING LLC (797110) FOR AN EXCEPTION TO
STATEWIDE RULE 32 FOR THE HAUSSER C PAD LEASE, BRISCOE RANCH
(EAGLEFORD) FIELD, FRIO COUNTY, TEXAS**

FINAL ORDER

The Railroad Commission of Texas ("Commission") finds that after notice in the above-docketed case was provided to all parties entitled to notice, a hearing was heard on April 4, 2019 by a Commission Technical Examiner and Administrative Law Judge. This proceeding was duly submitted to the Commission at a conference held in its offices in Austin, Texas. After considering this matter, the Commission adopts the following findings of fact and conclusions of law.

Findings of Fact

1. SN Operating LLC ("SN" or "Applicant") seeks a two-year exception to Statewide Rule 32 ("Statewide Rule 32") for authority to flare a maximum of 400 thousand cubic feet per day ("Mcf") of casinghead gas from February 12, 2019 to February 11, 2021, from a flare point for the Hausser C Pad Lease ("Lease"), Briscoe Ranch (Eagleford) Field, Frio County, Texas.
2. SN submitted a request for hearing for the Statewide Rule 32 exception on January 11, 2019.
3. SN was previously granted an administrative exception to Statewide Rule 32 to flare a maximum casinghead gas volume of 1,800 Mcfd from the Lease for a 180-day period. This administrative flaring authority (Permit No. 27639) expired on February 12, 2017.
4. SN went to hearing to have a 2-year exception to Statewide Rule 32 be authorized through a Final Order. A Final Order under Oil and Gas Docket No. 01-0303605 was granted on August 15, 2017, to flare a maximum casinghead gas volume of 1,800 Mcfd from February 12, 2017 through February 11, 2019.
5. On March 8, 2019 the Hearings Division of the Commission sent a Notice of Hearing ("Notice") to the Applicant and offsetting operators in the field setting a hearing date of April 4, 2019. Also, on April 24, 2019, a supplemental Notice was sent to the Applicant and all offset operators in the field. The hearing was held on April 4, 2019, as noticed. Applicant appeared and participated at the hearing. No protest was received.

6. A gas pipeline to take the Lease casinghead gas is unavailable. The nearest sales connection to the well is approximately two-mile from the Lease.
7. SN conducted an economic analysis and production forecast for a proposed pipeline route from the Lease to its nearest sales connection. The cost estimate to connect to the sales line is \$718,450, which exceeds the gas revenue from the Lease's remaining reserves, making it uneconomical to construct the pipeline from the Lease to the sales connection.
8. Based on a production rates, the estimated volume of casinghead gas to be flared would be a maximum of 400 Mcfd.
9. The requested Statewide Rule 32 exception to flare a maximum of 400 Mcfd of casinghead gas is necessary for SN to produce the recoverable oil from the Lease.
10. At the hearing, SN agreed on the record that the Final Order in this docketed case, is to be final and effective when a Master Order relating to this Final Order is signed.

Conclusions of Law

1. Proper notice was issued to persons entitled to notice. *See, e.g.,* Tex. Gov't Code § 2001.051; 16 Tex. Admin. Code §§ 1.42, 1.45.
2. The Commission has jurisdiction in this case. *See, e.g.,* Tex. Nat. Res. Code § 81.051.
3. Statewide Rule 32 requires gas to be utilized for purposes and uses authorized by law unless authorized. 16 Tex. Admin. Code § 3.32(b).
4. Statewide Rule 32 provides exceptions allowing the flaring of gas if certain requirements are met and the flaring is necessary. *See, e.g.,* 16 Tex. Admin. Code § 3.32(f), (h).
5. SN has met the requirements in Statewide Rule 32 to flare a maximum of 400 Mcfd of casinghead gas and the flaring of such gas is necessary.
6. Pursuant to the provisions of Texas Government Code §2001.144(a)(4)(A), this Final Order can be final and effective on the date a Master Order relating to this Final Order is signed.

Ordering Provisions

It is **ORDERED** that SN Operating LLC (797110) is granted a two-year exception to Statewide Rule 32. SN's request for authority to flare a maximum of 400 Mcfd of casinghead gas from the Lease from February 12, 2019 to February 11, 2021, as reflected in attached Attachment A is **APPROVED**.

This authority is granted, provided all production is reported on the appropriate Commission forms. SN shall file the Statewide Rule 32 Exception Data Sheet and, shall file at the same time, the required fee for a Statewide Rule 32 exception for each individual flare point on the Lease. See 16 Tex. Admin. Code § 3.32(h)(1).

Pursuant to § 2001.144(a)(4)(A) of the Texas Government Code and the agreement of the parties in writing or on the record, **the parties have waived the right to file a motion for rehearing and the Final Order in this case is final and effective on the date the Master Order relating to the Final Order is signed.**

Signed on August 20, 2019

RAILROAD COMMISSION OF TEXAS

**(Order approved and signatures affixed by
Hearings Division's Unprotected Master
Order dated August 20, 2019)**

ATTACHMENT A – FLARE EXCEPTION AUTHORITY

Permit No.	Commingle Permit No. or Lease No. (If Applicable)	Lease Name, Individual Flare Stacks	Permit Start Date (1)	Permit End Date	Maximum Flare Volume (Mcf/d)	Casinghead Gas or Gas Well Gas
27639	Lease No. 01-17183	Hausser C Pad Lease	2/12/2019	2/11/2021	400 Mcfd	Casinghead Gas

Note: Mcfd = Thousand Cubic Feet Per Day