

**RAILROAD COMMISSION OF TEXAS  
HEARINGS DIVISION**

**OIL AND GAS DOCKET NO. 01-0320187**

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**APPLICATION OF SN OPERATING LLC (797110) FOR AN EXCEPTION TO  
STATEWIDE RULE 32 FOR THE HOLDSWORTH UNIT A AND HOLDSWORTH UNIT  
B LEASES, BRISCOE RANCH (EAGLEFORD) FIELD, ZAVALA COUNTY, TEXAS**

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**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 August 9, 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 120 thousand cubic feet per day ("Mcf") of casinghead gas from May 31, 2019 to May 31, 2021, from a flare point for the Holdsworth Unit A and Holdsworth Unit B Leases ("Leases"), Briscoe Ranch (Eagleford) Field, Zavala County, Texas.
2. SN submitted a request for hearing for the Statewide Rule 32 exception on May 13, 2019.
3. SN was previously granted an administrative exception to Statewide Rule 32 to flare a maximum casinghead gas volume of 200 Mcfd from the Leases for a 180-day period. This administrative flaring authority (Permit No. 28262) expired on May 31, 2017.
4. SN had a 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. 01-0305203 was granted on December 5, 2017, to flare a maximum casinghead gas volume of 200 Mcfd from May 31, 2017 through May 31, 2019.
5. On July 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 August 9, 2019. Consequently, the parties received more than 10 days' notice. The Notice contains (1) a statement of the time, place, and nature of the hearing; (2) a statement of the legal authority and jurisdiction under which the hearing is to be held; (3) a reference to the particular sections of the statutes and rules involved; and (4) a short and plain statement of the matters asserted. The

hearing was held on August 9, 2019, as noticed. Applicant appeared and participated at the hearing. No protest was received.

6. A gas pipeline to take the Leases casinghead gas is unavailable. The nearest sales connection to the well is approximately 7.5 miles from the Leases.
7. SN conducted an economic analysis and production forecast for a proposed pipeline route from the Leases to its nearest sales connection. The cost estimate to connect to the sales line is \$1,180,230, which exceeds the gas revenue from the Leases' remaining reserves, making it uneconomical to construct the 7.5-miles long pipeline from the Leases to the sales connection.
8. Based on production rates, the estimated volume of casinghead gas to be flared would be a maximum of 120 Mcfd from May 31, 2019 to May 31, 2021.
9. The requested Statewide Rule 32 exception to flare a maximum of 120 Mcfd of casinghead gas is necessary for SN to produce the recoverable oil from the Leases.
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 120 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 120 Mcfd of casinghead gas from the Leases from May 31, 2019 to May 31, 2021, as reflected in 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 Leases. 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 October 22, 2019**

**RAILROAD COMMISSION OF TEXAS**

**(Order approved and signatures affixed by  
Hearings Division's Unprotested Master Order  
dated October 22, 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
28262	Lease Nos. 01-19083 and 01-19084	Holdsworth Unit A Lease and Holdsworth Unit B Lease	5/31/2019	5/31/2021	120 Mcfd	Casinghead Gas

**Note:** Mcfd = Thousand Cubic Feet Per Day