



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL & GAS DOCKET NO. 01-0300771

THE APPLICATION OF SN OPERATING, LLC FOR AN EXCEPTION TO STATEWIDE RULE 32 FOR FOURTEEN FLARE POINTS ON VARIOUS LEASES IN THE EAGLEVILLE (EAGLE FORD-1) FIELD, MCMULLEN COUNTY, TEXAS

HEARD BY: Peggy Laird, P.G. – Technical Examiner
Ryan Lammert – Administrative Law Judge

HEARING DATE: July 29, 2016

CONFERENCE DATE: February 14, 2017

APPEARANCES: **REPRESENTING:**

APPLICANT:

Dale Miller

SN Operating, LLC

EXAMINERS' REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

SN Operating, LLC ("SN") requests a two-year exception to Statewide Rule 32 to flare casinghead gas from fourteen flare points in the Eagleville (Eagle Ford-1) Field, McMullen County, Texas. All offset operators in the subject field were notified of the hearing. There were no objections filed, and no protestants appeared at the hearing. The Technical Examiner and Administrative Law Judge (collectively, "Examiners") recommend approval of the exception to Statewide 32.

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(h) provides that an exception to flare natural gas in volumes greater than 50 MCF per day ("MCFD") per well may be granted administratively for a period up to 180 days.

Beyond that, Statewide Rule 32(h) provides that exceptions shall be granted only in a final order signed by the Commission. In the context of the subject application, SN is requesting an exception to flare casinghead gas produced from various leases as provided by Statewide Rule 32(h).

The Commission received a hearing request on May 2, 2016, for an exception to Statewide Rule 32 for the subject leases, as shown on Table 1. The subject leases and wells are located in the Eagleville (Eagle Ford-1) Field, and produce hydrogen sulfide ("H₂S") gas with concentrations ranging from 400 parts per million ("PPM") to 24,000 PPM. There are currently forty wells associated with the various flare points.

SN seeks to renew authority, granted by Final Order No. 01-0289576 on October 28, 2014, to flare casinghead gas on an emergency basis from thirteen flare points. A fourteenth flare point, the Shelby C, has been added to this docket. SN received administrative authority (Permit No. 21695) to flare up to 500 MCFD for 180 days from April 27, 2015 through October 25, 2015, from the Shelby C Lease. SN reported there had been no emergency flaring from the Shelby C since the expiration of the administrative permit on October 25, 2015.

The subject leases are currently tied into the Energy Transfer Company system, and SN sells gas to them when possible. Because of interruptions to the system and equipment down time, emergency flaring in excess of twenty-four hour periods is necessary. Therefore, SN requests to flare casinghead gas from fourteen flare points, up to the maximum daily volumes listed in Table 1. SN also requests that flaring authority be granted for a two year period, from June 2, 2016 through June 1, 2018.

Table 1: Flare Point Locations, Associated Permits, and Maximum Daily Casinghead Gas Volumes Requested to be Flared.

| Flare Point Number | Flare Permit Number | Lease Name and (Lease ID Nos.) | Maximum Daily Casinghead Gas Volume (MCFD) |
|---------------------------|----------------------------|--|---|
| 1 | 16164 | Camaro A TB (17323) | 330 |
| 2 | 16031 | Camaro B TB (17099) | 80 |
| 3 | 16168 | Cobra/Gran Torino A TB (15782 & 16708) | 330 |
| 4 | 16169 | Cobra B #1H TB (16349) | 90 |
| 5 | 16166 | Corvette A/Corvette C TB (17018 & 16641) | 1,150 |
| 6 | 16167 | Corvette C #1H TB (16641) | 80 |
| 7 | 16026 | Gran Torino A #1H TB (16708) | 130 |
| 8 | 16027 | Gran Torino A #11H TB (16708) | 110 |
| 9 | 16023 | Mustang #1H, 12H, 13H, 14H TB (16408) | 530 |
| 10 | 16024 | Mustang #2H TB (16408) | 90 |
| 11 | 16025 | Mustang #3H TB (16408) | 80 |
| 12 | 16028 | Sting Ray A #1H, 2H, 3H, 4H TB (16983) | 1,720 |
| 13 | 16029 | Sting Ray A #8H, 12H TB (16983) | 430 |
| 14 | 21695 | Shelby C #1H,6H TB (18426) | 1,150 |

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. There were no protests to the application.
2. There are forty wells on the subject leases in this application, and all are completed in the Eagleville (Eagle Ford-1) Field.
3. SN has received permits to flare casinghead gas from the fourteen flare points that are the subject of this application.
4. The subject leases in this application are currently connected to Energy Transfer Company, a gas gather and purchaser.
5. The subject leases and wells produce hydrogen sulfide gas with concentrations ranging from 400 PPM to 24,000 PPM.

CONCLUSIONS OF LAW

1. All things have occurred and been accomplished to give the Commission jurisdiction in this matter. Tex. Nat. Res. Code § 81.051
2. Proper notice of this hearing was given to all parties entitled to notice at least 10 days prior to the hearing. 16 Tex. Admin. Code § 3.32
3. The requested exception to flare casinghead gas meets the requirements of Statewide Rule 32. 16 Tex. Admin. Code § 3.32(h)

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 for the fourteen flare points from June 2, 2016 through June 1, 2018, up to the maximum volumes listed in Table 1 for each flare point, as requested by SN Operating, LLC.

Respectfully submitted,



Peggy Laird, P.G.
Technical Examiner



Ryan Lammert
Administrative Law Judge