



## RAILROAD COMMISSION OF TEXAS

### HEARINGS DIVISION

**OIL AND GAS DOCKET NO. 03-0295882**

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**THE APPLICATION OF VENADO OIL AND GAS, LLC FOR AN EXCEPTION TO STATEWIDE RULE 32, FOR FLARE PERMIT NOS. 19185-KISSMAN UNIT 1H, 19412-KISSMAN UNIT 2H AND 19186-KISSMAN UNIT 3H, SOUTHERN BAY (EAGLE FORD) FIELD, LEE COUNTY, TEXAS**

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**HEARD BY:** Peggy Laird, P.G. - Technical Examiner  
Terry Johnson - Legal Examiner

**HEARING DATE:** June 17, 2015

**CONFERENCE DATE:** September 15, 2015

**APPEARANCES:**

**REPRESENTING:**

**APPLICANT:**

David Gross  
Brenda Wise

Venado Oil and Gas, LLC

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### EXAMINERS' REPORT AND RECOMMENDATION

#### STATEMENT OF THE CASE

Venado Oil and Gas, LLC ("Venado") seeks an exception to Statewide Rule 32 (16, Tex. Admin. Code §3.32) to flare gas from the Kissman Unit 1H, 2H, and 3H, located in the Southern Bay (Eagle Ford) Field, Lee 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 Examiners recommend the exception to Statewide Rule 32 be granted, as requested by Venado.

#### DISCUSSION OF THE EVIDENCE

Statewide Rule 32 governs the utilization of gas well gas and casinghead gas produced by oil and gas wells under the jurisdiction of the Railroad Commission. In the

subject application, Venado is requesting to flare gas as provided in Statewide Rule 32(h), for one year until appropriate pipeline connections can be completed.

The Kissman Unit is located 5.5 miles northwest of Giddings, Lee County. The three wells, Kissman Unit 1H, 2H, and 3H ("Wells"), are all located on the Kissman Unit, with surface locations in close proximity to each other. According to the Form W-2, the first of the wells, No. 1H, was completed on September 23, 2014, in the Southern Bay (Eagle Ford) Field. Initial production was 525 barrels of oil per day ("BOPD"), 229 thousand cubic feet of gas per day ("MCFD"), and 1110 barrels of water per day ("BWPD").

At the time of the hearing, there were three flare points, or one for each well. Venado reported they were changing from three flare points to one flare point, and that the conversion was expected to be complete by August, 2015. Currently, the Wells are individually metered, and that will continue after converting to one flare point. Venado is constructing a 2.16 mile pipeline to connect the Wells with DCP Austin Gathering, LLC, which will alleviate the need to flare. Venado anticipates the construction will be complete within one year.

Venado received administrative authority for the Wells (Permit No. 19185 for the 1H, Permit No. 19412 for the 2H, and Permit No. 19186 for the 3H) to flare 150 MCFD from each well from September 23, 2014, to March 23, 2015. Venado's request for a hearing to extend the flaring authority was received on March 4, 2015. Venado is requesting authority to flare 100 MCFD from March 23, 2015 to March 24, 2016, for the Kissman Unit 1H, 100 MCFD from March 23, 2015 to March 24, 2016, for the Kissman Unit 2H, and 150 MCFD from March 23, 2015 to March 24, 2016, for the Kissman Unit 3H.

#### **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 hearing. There were no protests to the application.
2. The Wells have received administrative permits to flare casinghead gas for 180 days each.
3. Venado will convert three flare points to one flare point for the Wells. Currently, the Wells are individually metered, and will continue to be after converting to one flare point.
4. Venado is actively working to construct a 2.16 mile pipeline from the Wells to connect with DCP Austin Gathering, LLC.

**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. Approval of the requested exception to Statewide Rule 32 to flare gas for the subject wells will not harm correlative rights, and will promote development of the field.

**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 subject wells, as requested by Venado Oil and Gas, LLC.

Respectfully submitted,



Peggy Laird, P.G.  
Technical Examiner



Terry Johnson  
Legal Examiner