



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL AND GAS DOCKET NO. 08-0299070

**THE APPLICATION OF XTO ENERGY INC. FOR AN EXCEPTION TO STATEWIDE
RULE 32 FOR THE SUN 54-2 #1 CTB LEASE, PHANTOM (WOLFCAMP) FIELD,
LOVING COUNTY, TEXAS**

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

HEARING DATE: February 5, 2016

CONFERENCE DATE: March 29, 2016

APPEARANCES:

REPRESENTING:

APPLICANT:

David Gross
Dale E. Miller
DeeAnn Kemp
Patty Urias
Sherry Pack

XTO Energy Inc.

EXAMINERS' REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

XTO Energy Inc. ("XTO") requests a two year exception to Statewide Rule 32 (16 Tex. Admin. Code § 3.32) to flare a maximum of one thousand five hundred (1,500) thousand cubic feet of casinghead gas per day (MCFD), or 1,500 MCFD, from the Sun 54-2 #1 CTB Lease (the "Lease"), in the Phantom (Wolfcamp) Field, Loving County, Texas. All offset operators in the field were notified of the hearing. There were no objections filed, and no protestants appeared at the hearing. The Administrative Law Judge and Technical Examiner (collectively "Examiners") recommend approval of an exception to Statewide Rule 32 to flare 1,500 MCFD casinghead gas for a period of two years as requested by XTO.

DISCUSSION OF THE EVIDENCE

Title 16, §3.32 of the Texas Administrative Code (“TAC”) governs this Application as it relates to the utilization of gas well gas and casinghead gas produced by oil and gas wells under the jurisdiction of the Railroad Commission. Specifically, 16 TAC §3.32(h) provides that an exception to flare casinghead gas in volumes greater than 50 MCFD may be granted administratively for a period up to 180 days. Flaring exceptions beyond the 180 days shall be granted only in a final order signed by the Commission. In the context of the subject application, XTO is requesting an exception to flare casinghead gas produced from the subject lease as provided by Statewide Rule 32(h).

The Sun 54-2 #1H is a relatively new well, and XTO received Permit No. 23814 to flare a maximum of 1,900 MCFD of casinghead gas effective July 13, 2015, expiring December 25, 2015. XTO is requesting a two-year extension of the exception to Statewide Rule 32 to flare a maximum of 1,500 MCFD of casinghead gas effective December 26, 2015, to December 25, 2017. XTO stated that Regency Field Services, LLC (“Regency”) is the gatherer and purchaser for their gas. The extension is to allow time to connect the well to Regency for sales, and concurrently to permit necessary emergency flaring.

XTO reported that another operator, EOG, owns the surface rights. XTO is in negotiations with EOG to obtain a right-of-way to access the pipeline connection with Regency, and anticipates an agreement will be signed within a few weeks. After the agreement is signed between the applicant and EOG, XTO estimates several more weeks will be necessary to complete the pipeline connection to Regency in order to sell the gas. XTO also anticipates the need for emergency flaring for the Lease.

FINDINGS OF FACT

1. Proper notice of this hearing was given to all parties entitled to notice at least 10 days prior to the hearing. There were no protests to the application.
2. The Sun 54-2 #1 CTB Lease is located in the Phantom (Wolfcamp) Field, Loving County, Texas.
3. XTO received Permit No. 23814, for the Sun 54-2 #1 CTB Lease effective July 13, 2015, expiring December 25, 2015, for a total of 180 days, the maximum length of time an exception to Statewide Rule 32 may be granted administratively.
4. Regency Field Services, LLC is the gatherer and purchaser for the casinghead gas from the Sun 54-2 #1 CTB Lease.

5. XTO is requesting a two-year extension of the exception to Statewide Rule 32 to flare 1,500 MCFD casinghead gas from the Sun 54-2 #1 CTB Lease in the Phantom (Wolfcamp) Field, Loving County, Texas.

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 1,500 MCFD 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 subject wells, as requested by XTO Energy Inc.

Respectfully submitted,



Peggy Laird, P.G.
Technical Examiner



Ryan Larson
Administrative Law Judge