



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL AND GAS DOCKET NO. 08-0299066

THE APPLICATION OF XTO ENERGY INC. FOR AN EXCEPTION TO STATEWIDE RULE 32 FOR 43 VARIOUS FLARE POINTS ON THE FULLERTON CLEARFORK UNIT (LEASE #01770), FULLERTON FIELD AND 1 POINT ON THE WILSON-B-LEASE (LEASE #31066), FULLERTON (DEVONIAN) FIELD, ANDREWS 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 gas in varying volumes from forty-three (43) various flare points from the Fullerton Clearfork Unit (Lease #01770), Fullerton Field, and from one flare point from the Wilson-B-Lease (Lease #31066), Fullerton (Devonian) Field, Andrews 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 casinghead gas 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 Fullerton Clearfork Unit (“Unit”) (Lease #01770) is an on-going secondary recovery waterflood project and contains 29,541 acres. The Unit holds 508 producing wells and 358 injection wells, which are serviced by satellite batteries, vapor recovery units, and tank batteries within the Unit. There are 43 flare points located throughout the Unit that are associated with the components in the Unit, as shown on Attachment A. Information for each flare point is shown on Attachment B and includes numerical designation, permit no., latitude/longitude coordinates, flare volume, and permit expiration date. Both attachments are based on exhibits presented in the subject hearing.

The Wilson-B-Lease (“Wilson”) (Lease #31066) contains 640 acres and one flare point. A typographical error was identified on the Notice of Hearing for the lease number (Lease #30166), and corrected within the subject hearing. XTO indicated that the error did not change the offset operator notice list from the correct lease number. The Wilson is geographically coincident with the Unit, and is shown as flare point 44 on the attachments.

XTO is requesting a two-year extension of the exception to Statewide Rule 32 to flare a cumulative maximum of 11,705 MCFD of casinghead gas from the Unit, and a maximum of 100 MCFD from Wilson, effective November 20, 2015, to November 20, 2017. Flaring would occur on an emergency, intermittent basis. Flare volumes from each point in the Unit are indicated on Attachment B. XTO stated that these flares were not anticipated to increase in volume as the Unit is developed. Flare volume from the Wilson is also anticipated to remain stable or decrease, and totals 100 MCFD.

XTO has received previous exceptions to Statewide Rule 32 for the various flare points as shown on Attachment B. XTO’s request for an exception was received November 20, 2015. Flare points 1 - 34 have permits expiring December 4, 2015, with the exception of six locations expiring November 16, 2015. Flare points 35 - 43 have a permanent exception, and flare point 44 has a permit expiring December 4, 2015.

All flare points for the Unit and Wilson are connected to a gas gathering system for sales, and flaring is for emergency purposes. Operational issues occur on a regular basis

for the Unit and Wilson, because of pipeline and equipment capabilities. Ms. Urias stated that about 90% of the flaring occurs because of system upset from a third-party gas purchaser, and are beyond the control of XTO.

XTO's request for SWR 32 exception is twofold. It is an effort to streamline the paperwork required, as flaring from one or more points in the Unit and Wilson occurs monthly. Permitting all 44 points to allow flare authority will lessen administrative burden and provide relief for XTO. XTO also seeks the exception to avoid shutting in wells. XTO stated that shutting in the wells would likely result in operational problems and harm secondary recovery waterflood operations, resulting in waste.

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 Fullerton Clearfork Unit (Lease #01770) is located in the Fullerton Field, and the Wilson-B-Lease (Lease #31066) is located in the Fullerton (Devonian) Field, Andrews County, Texas.
3. The Fullerton Clearfork Unit (Lease #01770) is an on-going secondary recovery waterflood project and contains 29,541 acres and forty-three flare points.
4. The Wilson-B-Lease (Lease #31066) contains 640 acres and one flare point.
5. XTO has received previous exceptions to Statewide Rule 32 for the forty-four subject flare points.
6. Leases #01770 and #31066 are currently connected to a gas gathering system for sales.
7. Operational issues occur on a regular basis for Leases #01770 and #31066 because of pipeline and equipment capabilities.
8. XTO is requesting a two-year extension of the exception to Statewide Rule 32 to flare a cumulative maximum of 11,705 MCFD casinghead gas from forty-three flare points on the Fullerton Clearfork Unit (Lease #01770) in the Fullerton Field, and 100 MCFD from one flare point on the Wilson-B-Lease (Lease #31066), Fullerton (Devonian) 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 11,805 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.

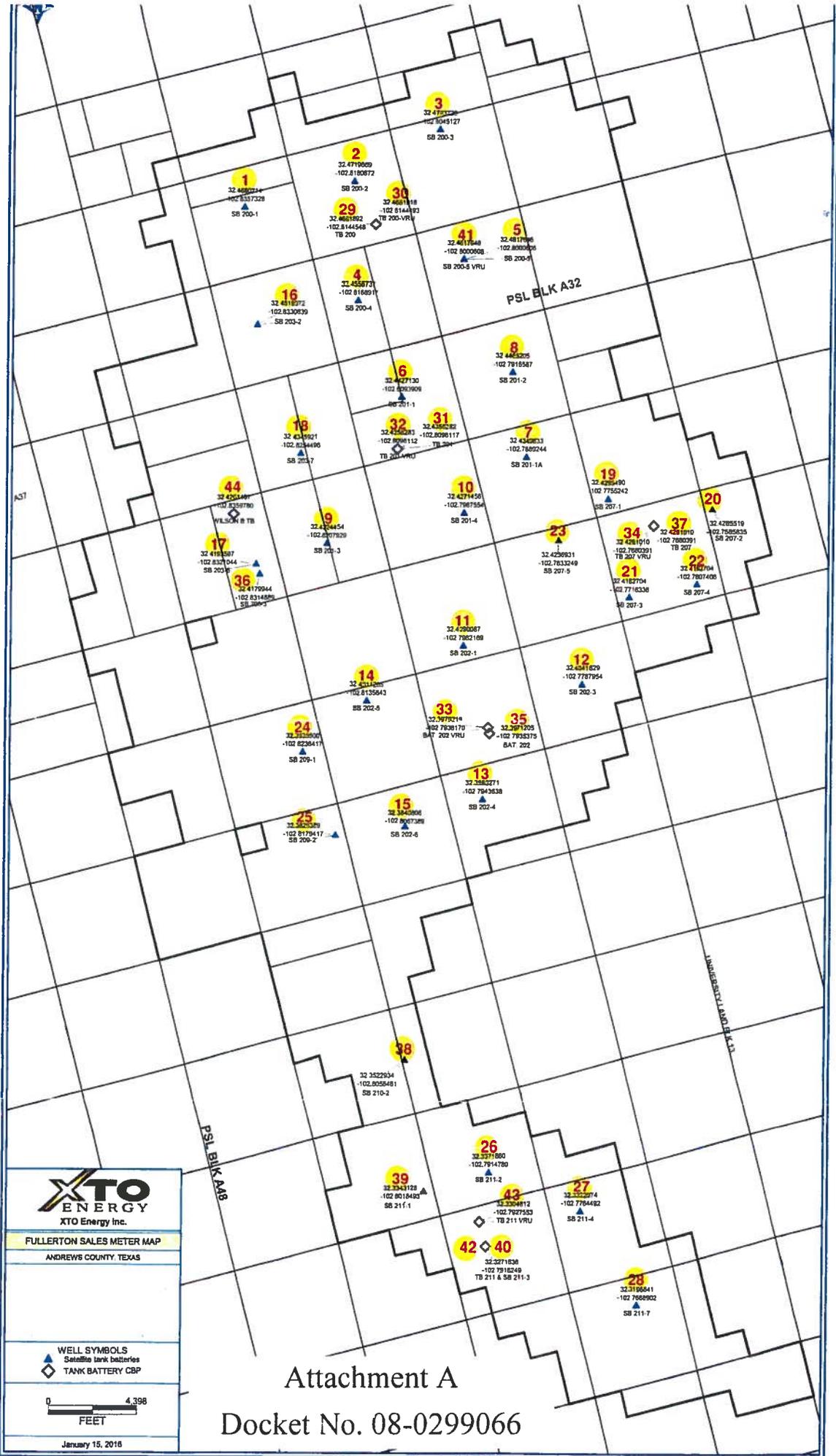
Respectfully submitted,



Peggy Laird, P.G.
Technical Examiner



Ryan Larson
Administrative Law Judge



XTO ENERGY
XTO Energy Inc.

FULLERTON SALES METER MAP
ANDREWS COUNTY, TEXAS

WELL SYMBOLS
 ▲ Satellite tank batteries
 ◆ TANK BATTERY CBP

0 4,398
FEET

January 15, 2016

Attachment A
Docket No. 08-0299066

**FLARING PERMIT STATUS
XTO ENERGY INC.**

| Flare Point | Flaring Permit No. | Flare Location/ System Name | Latitude/ Longitude | Flare Volume (MCFPD) | Flaring Permit Expiration Date |
|--|--------------------|--------------------------------|-------------------------|-------------------------|-----------------------------------|
| FULLERTON CLEARFORK UNIT (08-01770) | | | | | |
| FULLERTON FIELD | | | | | |
| ANDREWS COUNTY, TEXAS | | | | | |
| 1 | 25389 | FCU S/B 200-1 | 32.4680214/-102.8357328 | 270 | 12/04/15 |
| 2 | 25390 | FCU S/B 200-2 | 32.4719669/-102.8180872 | 75 | 12/04/15 |
| 3 | 25388 | FCU S/B 200-3 | 32.4793726/-102.8045127 | 550 | 12/04/15 |
| 4 | 25387 | FCU S/B 200-4 | 32.4556737/-102.8168917 | 260 | 12/04/15 |
| 5 | 24197 | FCU S/B 200-5 | 32.4617646/-102.8000606 | 1,360 | 11/16/15 |
| 6 | 25386 | FCU S/B 201-1 | 32.4427130/-102.8093909 | 300 | 12/04/15 |
| 7 | 25385 | FCU S/B 201-1A | 32.4349633/-102.7889244 | 200 | 12/04/15 |
| 8 | 25384 | FCU S/B 201-2 | 32.4465205/-102.7915587 | 560 | 12/04/15 |
| 9 | 24192 | FCU S/B 201-3 | 32.4224454/-102.8207929 | 550 | 11/16/15 |
| 10 | 24194 | FCU S/B 201-4 | 32.4271456/-102.7987554 | 560 | 11/16/15 |
| 11 | 25383 | FCU S/B 202-1 | 32.4090087/-102.7982169 | 620 | 12/04/15 |
| 12 | 25382 | FCU S/B 202-3 | 32.4041629/-102.7787954 | 340 | 12/04/15 |
| 13 | 25381 | FCU S/B 202-4 | 32.3880271/-102.7943638 | 300 | 12/04/15 |
| 14 | 24196 | FCU S/B 202-5 | 32.4011285/-102.8135643 | 450 | 11/16/15 |
| 15 | 24198 | FCU S/B 202-6 | 32.3840806/-102.8067389 | 465 | 11/16/15 |
| 16 | 25380 | FCU S/B 203-2 | 32.4519972/-102.8330639 | 200 | 12/04/15 |
| 17 | 25379 | FCU S/B 203-6 | 32.4193597/-102.8321044 | 700 | 12/04/15 |
| 18 | 25376 | FCU S/B 203-7 | 32.4345921/-102.8254496 | 60 | 12/04/15 |
| 19 | 25378 | FCU S/B 207-1 | 32.4295490/-102.7755242 | 130 | 12/04/15 |
| 20 | 25377 | FCU S/B 207-2 | 32.4285519/-102.7585835 | 160 | 12/04/15 |
| 21 | 25403 | FCU S/B 207-3 | 32.4162704/-102.7716336 | 415 | 12/04/15 |
| 22 | 25402 | FCU S/B 207-4 | 32.4182704/-102.7607406 | 340 | 12/04/15 |
| 23 | 24195 | FCU S/B 207-5 | 32.4236931/-102.7833249 | 750 | 11/16/15 |
| 24 | 25401 | FCU S/B 209-1 | 32.3938500/-102.8236417 | 615 | 12/04/15 |
| 25 | 25400 | FCU S/B 209-2 | 32.3826389/-102.8179417 | 410 | 12/04/15 |
| 26 | 25399 | FCU S/B 211-2 | 32.3371860/-102.7914780 | 75 | 12/04/15 |
| 27 | 25398 | FCU S/B 211-4 | 32.3322074/-102.7764492 | 110 | 12/04/15 |
| 28 | 25397 | FCU S/B 211-7 | 32.3196641/-102.7668902 | 100 | 12/04/15 |
| 29 | 25396 | FCU T/B 200 | 32.4661892/-102.8144548 | 160 | 12/04/15 |
| 30 | 25395 | FCU T/B 200 VRU | 32.4661918/-102.8144493 | 60 | 12/04/15 |
| 31 | 25394 | FCU T/B 201 | 32.4356282/-102.8098117 | 60 | 12/04/15 |
| 32 | 25393 | FCU T/B 201 VRU | 32.4356283/-102.8098112 | 65 | 12/04/15 |
| 33 | 25392 | FCU T/B 202 VRU | 32.3979219/-102.7938170 | 60 | 12/04/15 |
| 34 | 25391 | FCU T/B 207 VRU | 32.4261010/-102.7680391 | 60 | 12/04/15 |
| 35 | 24210 | FCU T/B 202 | 32.3971205/-102.7935375 | 50 | Permanent |
| 36 | 24206 | FCU S/B 206-3 | 32.4179944/-102.8314889 | 40 | Permanent |
| 37 | 24212 | FCU T/B 207 | 32.4261010/-102.7680391 | 30 | Permanent |
| 38 | 24207 | FCU S/B 210-2 | 32.3522934/-102.8056461 | 30 | Permanent |
| 39 | 24208 | FCU S/B 211-1 | 32.3343128/-102.8018493 | 30 | Permanent |
| 40 | 24209 | FCU S/B 211-3 | 32.3271636/-102.7916249 | 40 | Permanent |
| 41 | 24205 | FCU S/B 200-5 VRU | 32.4617648/-102.8000608 | 45 | Permanent |
| 42 | 24204 | FCU T/B 211 | 32.3271636/-102.7916249 | 25 | Permanent |
| 43 | 24211 | FCU T/B 211 VRU | 32.3304612/-102.7927553 | 25 | Permanent |
| TOTAL | | | | 11,705 | |

**WILSON -B- LEASE (08-31066)
FULLERTON (DEVONIAN) FIELD
ANDREWS COUNTY, TEXAS**

| | | | | | |
|----|-------|-----------------|-------------------------|-----|-----------|
| 44 | 25404 | Wilson HM B T/B | 32.4261497/-102.8359780 | 100 | 12/4/2015 |
|----|-------|-----------------|-------------------------|-----|-----------|