

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(i) provides for renewal and amendment of exceptions. For the subject applications, XTO was granted Permit No. 23420 for the C. E. -A- Lloyd Lease to vent up to 65 Mcf per day, effective August 7, 2015 to February 4, 2016. XTO was granted Permit No. 23421 for the C. E. Lloyd Lease to vent up to 10 Mcf per day, effective August 7, 2015 to February 4, 2016. Prior to the expiration of each of these permits, XTO requested a hearing be held for an exception to Statewide Rule 32 for a permit extension for a period of two years for each of the leases. XTO's representative stated that gas is sent to tanks and vented as opposed to being burned in a flare due to the low volumes as opposed to the expense of a flare.

Wells completed on the C. E. -A- Lloyd Lease, produce from the Pettit Formation and are considered to be low volume wells. The wells on the lease were previously connected to a low-pressure pipeline operated by Fuels Cotton Valley Gath, LLC. This pipeline has been shut down due to mechanical problems. As a result, XTO requested and received a permit (Permit No. 23420) to vent a maximum volume of 65 Mcf per day casinghead gas. The permit was effective from August 7, 2015, thru February 4, 2016, a total of 180 days. The Applicant is actively trying to get the lease re-connected to the previous line, but not sure when that will happen. The current volume being vented from the lease is 30 Mcf per day, on average, or 900 Mcf per month. XTO is requesting to vent a maximum volume of 50 Mcf per day to provide some cushion to ensure the permit conditions are not exceeded.

The well completed on the Lloyd, C. E. Lease produces from the Minden (Travis Peak Cons.) Field. When the original venting authority was requested from the Commission, the operator had indicated that the well was completed in the Henderson (Rusk Co. Pettit) Field. In preparing for the hearing, the Applicant's representative realized that there was an error in the field name originally reported on the original request form for the administratively-granted flaring permit. The correct field name is the Minden (Travis Peak Cons.) Field. The error in the field name in the Notice of Hearing does not present any error in the notice of the hearing, as the Applicant was the only party to receive notice of the application.

The well on the Lloyd, C. E. Lease was previously connected to a low-pressure pipeline operated by Fuels Cotton Valley Gath, LLC. This pipeline has been shut down due to mechanical problems with the line. As a result, XTO requested and received a permit (Permit No. 23421) to vent a maximum volume of 10 Mcf per day casinghead gas. The Applicant is actively trying to get the lease re-connected to the previous line, but not sure when that will happen. The production report for the C. E. Lloyd Lease shows that 422 Mcf of gas was flared / vented during the month of January, 2016, the most recent month on record. As a result, a permit to vent a maximum volume of 20 Mcf per day is requested.

FINDINGS OF FACT

1. Notice of this hearing was provided to Commission staff at least ten days prior to the date of hearing. There were no protests to the applications.
2. Both the Lloyd, C.E. -A- Lease and the Lloyd, C. E. Lease were previously connected to a low-pressure pipeline operated by Fuels Cotton Valley Gath, LLC prior to the line being shut-down due to mechanical issues.
3. XTO was granted Permit No. 23420 for the C. E. -A- Lloyd Lease to vent up to 65 Mcf per day, effective August 7, 2015 to February 4, 2016.
4. XTO was granted Permit No. 23421 for the C. E. Lloyd Lease to vent up to 10 Mcf per day, effective August 7, 2015 to February 4, 2016.
5. XTO requested a hearing be held for an exception to Statewide Rule 32 for a permit extension of Permit Nos. 23420 and 23421 for a period of two years prior to the expiration of each permit.
6. Wells on the Lloyd, C.E. -A- Lease and the Lloyd, C. E. Lease are low volume wells.
7. Gas is sent to tanks and vented from each of the leases.

CONCLUSIONS OF LAW

1. Proper notice was issued as required by all applicable statutes and regulatory codes.
2. All things have occurred and been accomplished to give the Commission jurisdiction in this matter.
3. Title 16, Texas Administrative Code 3.32(i) provides for the renewal and amendment of exceptions.

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 Lloyd, C.E. -A- Lease to vent a maximum volume of 50 Mcf per day for a period of two years, and an exception for the Lloyd, C. E. Lease to vent a maximum volume of 20 Mcf per day for a period of two years.

Respectfully submitted,



Karl Caldwell
Technical Examiner



Ryan Lammert
Administrative Law Judge