



# RAILROAD COMMISSION OF TEXAS

## HEARINGS DIVISION

**OIL & GAS DOCKET NOS. 08-0300493, 08-0300494, 8A-0300495, 08-0300497,  
08-0300498, AND 08-0300499**

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**THE APPLICATIONS OF XTO ENERGY, INC. FOR EXCEPTIONS TO  
STATEWIDE RULE 32 FOR VARIOUS FACILITIES IN VARIOUS FIELDS,  
ANDREWS AND GAINES COUNTIES, TEXAS**

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**HEARD BY:** Paul Dubois – Technical Examiner  
Ryan Lammert – Administrative Law Judge

**HEARING DATE:** July 6, 2016

**CONFERENCE DATE:** August 24, 2016

**APPEARANCES:**

David Gross  
Dale Miller

XTO Energy, Inc.

**EXAMINERS' REPORT AND RECOMMENDATION**

**STATEMENT OF THE CASE**

XTO Energy, Inc. ("XTO") seeks exceptions to 16 TAC §3.32 to flare gas on an emergency basis as needed. XTO requests that the flaring authority be made permanent. All of the facilities are connected to sales lines and flaring is limited to intermittent emergency conditions, such as system failure or capacity limitations. This authority will ease XTO's administrative burden to file for exceptions after individual events of 24 hours duration or more. XTO requests two-year exceptions as follows: (1) 3,500 mcf/day total for the facilities identified for Docket No. 08-0300493; (2) 500 mcf/day total for the facilities identified for Docket No. 08-0300494; (3) 4,025 mcf/day total for the facilities identified for Docket No. 8A-0300495; (4) 2,000 mcf/day total for the facilities identified for Docket No. 08-0300497; (5) 1,000 mcf/day total for the facilities identified for Docket No. 08-0300498; and (6) 500 mcf/day total for the facilities identified for Docket No. 08-0300499. The applications were not protested.

At the hearing, the Administrative Law Judge and Technical Examiners (collectively, "Examiners") informed XTO that a permanent exception would not be recommended. The Examiners recommend the applications each be granted for a period of two years. XTO stated that it did not consider this to be adverse.

### DISCUSSION OF THE EVIDENCE

XTO requests exceptions to flare gas from a number of leases that produce from the several fields in Andrews and Gaines Counties, Texas. Generally, Statewide Rule 32 governs the utilization for legal purposes of natural gas produced under the jurisdiction of the Railroad Commission. XTO seeks relief in the captioned dockets pursuant to Statewide Rule 32(f)(2)(D), as follows:

*The commission or the commission's delegate may administratively grant or renew an exception to the requirements of limitations of this subsection subject to the requirements of subsection (h)...if the operator of a well or production facility presents information to show the necessity for the release...*

Statewide Rule 32(h)(4) states:

*Requests for exceptions for more than 180-days and for volumes greater than 50 mcf of hydrocarbon gas per day shall be granted only in a final order signed by the commission.*

Because XTO requests exceptions for more than 180 days and to flare more than 50 mcf of hydrocarbon gas per day, the procedure to address XTO' request for an exception is through a hearing resulting in a final order signed by the Commission.

Further, XTO specifically requests an exception to Statewide Rule 32(f)(1)(C), which states:

*In the event of a full or partial shutdown by a gas gathering system, compression facility, or gas plant, gas from a lease production facility served by that gas gathering system, compression facility or gas plant may be released for a period not to exceed 24 hours. The operator shall notify the appropriate commission district office by telephone or facsimile as soon as reasonably possible after the release of gas begins. An operator may continue the release by flaring or by venting of the gas, if flaring is not required for safety reasons or by other regulation, beyond the initial 24-hour period, pending commission approval or denial of a request for an administrative exception under subsection (h) of this section. The operator shall file the request with the commission by the end of the next full business day following the first 24 hours of the release unless the deadline is extended by the commission or the commission's delegate.*

In these six cases, XTO is requesting what it calls "emergency authority" to flare gas. All of the facilities are connected to gas sales lines, and XTO is selling gas most of the time. However, due to issues with lease equipment or pipeline capacity, XTO frequently finds itself of being in the position to either flare gas or shut-in full wellstream production from multiple wells until the particular event is resolved. While these events are intermittent, they are also frequent enough to become a burden that requires XTO to repeatedly make contact with the District Office, file the necessary Statewide Rule 32 data sheet and pay the \$375 fee. The emergency

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authority that XTO seeks eliminates its need to file flare permit applications for each and every event that causes a need to flare gas.

***Docket No. 08-0300493*** – *University Block 9 Battery No. 4 and No. 2 and the University Blk 9/Wolfcamp Unit WCU Battery in the University Block 9 (Devonian) Field and the University Block 9 (Wolfcamp) Field, Andrews County, Texas.*

From January 2015 through April 2016 XTO produced an average of about 2,000 thousand cubic feet (mcf) of gas per day from the subject facilities, and about 14 percent of the produced gas was flared. Administrative flaring Permit No. 26090 authorizes flaring up to 3,500 mcf of gas per day from March 10, 2016 through May 10, 2016, for a total period of 60 days. On May 5, 2016 XTO requested a hearing to extend the flaring authority at a rate of 3,500 mcf gas per day. Gas produced from these wells contains up to 16,000 parts per million (ppm) hydrogen sulfide (H<sub>2</sub>S).

***Docket No. 08-0300494*** – *University Block 9 Battery No. 6 in the University Block 9 (Devonian) Field, Andrews County, Texas.*

From January 2015 through April 2016 XTO produced an average of about 1,200 mcf of gas per day from the subject facilities, and about 13 percent of the produced gas was flared. Administrative flaring Permit No. 26091 authorizes flaring up to 500 mcf of gas per day from March 10, 2016 through May 10, 2016, for a total period of 60 days. On May 5, 2016 XTO requested a hearing to extend the flaring authority at a rate of 500 mcf gas per day. Gas produced from these wells contains up to 16,000 ppm H<sub>2</sub>S.

***Docket No. 8A-0300495*** – *Robertson Clearfork Unit Lease CTB and SAT Nos. 171, 173, 270, 271, 272, and 274, in the Robertson, N. (Clear Fork 7100) Field, Gaines County, Texas.*

There are seven (7) flare points under this docket. From January 2015 through April 2016 XTO produced an average of about 1,700 mcf of gas per day from the subject facilities, and about 5 percent of the produced gas was flared. XTO has received seven (7) administrative flaring permits for these facilities as follows:

- Permit No. 26350 authorizes flaring up to 550 mcf of gas per day from March 28, 2016 through May 28, 2016, for a total period of 60 days.
- Permit No. 26353 authorizes flaring up to 850 mcf of gas per day from March 28, 2016 through May 28, 2016, for a total period of 60 days.
- Permit No. 26347 authorizes flaring up to 1,050 mcf of gas per day from March 28, 2016 through May 28, 2016, for a total period of 60 days.
- Permit No. 26351 authorizes flaring up to 275 mcf of gas per day from March 28, 2016 through May 28, 2016, for a total period of 60 days.

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- Permit No. 26349 authorizes flaring up to 375 mcf of gas per day from March 28, 2016 through May 28, 2016, for a total period of 60 days.
- Permit No. 26348 authorizes flaring up to 375 mcf of gas per day from March 28, 2016 through May 28, 2016, for a total period of 60 days.
- Permit No. 26352 authorizes flaring up to 550 mcf of gas per day from March 28, 2016 through May 28, 2016, for a total period of 60 days.

On May 5, 2016 XTO requested a hearing to extend the flaring authority for the seven (7) flare points at a total rate of 4,025 mcf gas per day. Gas produced from these wells contains up to 11,800 ppm H<sub>2</sub>S.

***Docket No. 08-0300497 – University Block 9 Battery No. 1 and No. 3 in the University Block 9 (Devonian) Field and the University Block 9 (Penn.) Field, Andrews County, Texas.***

From January 2015 through April 2016 XTO produced an average of about 1,650 mcf of gas per day from the subject facilities, and about 13 percent of the produced gas was flared. Administrative flaring Permit No. 26089 authorizes flaring up to 2,000 mcf of gas per day from March 10, 2016 through May 10, 2016, for a total period of 60 days. On May 5, 2016 XTO requested a hearing to extend the flaring authority at a rate of 2,000 mcf gas per day. Gas produced from these wells contains up to 16,000 ppm H<sub>2</sub>S.

***Docket No. 08-0300498 – State of Texas CR/DD Battery in the Andrews, South (Wolfcamp) Field and the Block 9 (Devonian) Field, Andrews County, Texas.***

From January 2015 through April 2016 XTO produced an average of about 560 mcf of gas per day from the subject facilities, and about 13 percent of the produced gas was flared. Administrative flaring Permit No. 26093 authorizes flaring up to 1,000 mcf of gas per day from March 10, 2016 through May 10, 2016, for a total period of 60 days. On May 5, 2016 XTO requested a hearing to extend the flaring authority at a rate of 1,000 mcf gas per day. Gas produced from these wells contains up to 6,000 ppm H<sub>2</sub>S.

***Docket No. 08-0300499 – University Block 9 Battery No. 5 and the Grayburg South Battery in the University Block 9 (Devonian) Field and the Triple-N Grayburg Field, Andrews County, Texas.***

From January 2015 through April 2016 XTO produced an average of about 1,400 mcf of gas per day from the subject facilities, and about 13 percent of the produced gas was flared. Administrative flaring Permit No. 26092 authorizes flaring up to 500 mcf of gas per day from March 10, 2016 through May 10, 2016, for a total period of 60 days. On May 5, 2016 XTO requested a hearing to extend the flaring authority at a rate of 500 mcf gas per day. Gas produced from these wells contains up to 16,000 ppm H<sub>2</sub>S.

**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.
2. XTO operates the wells, leases and flare facilities subject to this application.
3. All of the wells and facilities are connected to gas sales points.
4. XTO seeks authority to flare gas on an emergency basis only.
5. An average of 13 percent of the produced gas has been flared from the subject wells and facilities from January 2015 through April 2016.
6. Occasional process system upset or gathering system capacity limitations limit XTO's ability to produce hydrocarbons from the subject wells.
7. Exceptions to Statewide Rule 32 will enable XTO to continue to produce hydrocarbon liquids, preventing the waste of those liquids and protecting their correlative rights.

**CONCLUSIONS OF LAW**

1. Resolution of the subject application is a matter committed to the jurisdiction of the Railroad Commission of Texas. Tex. Nat. Res. Code § 81.051
2. All notice requirements have been satisfied. 16 Tex. Admin. Code § 1.45
3. The requested authority to collectively flare up to 11.525 million cubic feet (mmcf) of gas per day produced from the subject facilities Andrews and Gaines Counties, Texas for up to two years satisfies the requirements of 16 Tex. Admin. Code §3.32.

**EXAMINERS' RECOMMENDATION**

Based on the above findings of fact and conclusions of law, the Examiners recommend the Commission enter an order granting the applications of XTO Energy, Inc. for exceptions to Statewide Rule 32 for time periods and the flare rates requested.

Respectfully submitted,



Paul Dubois  
Technical Examiner



Ryan Lammert  
Administrative Law Judge