



# RAILROAD COMMISSION OF TEXAS

## HEARINGS DIVISION

**OIL AND GAS DOCKET NO. 08-0300099**

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**THE APPLICATION OF XTO ENERGY INC. FOR AN EXCEPTION TO STATEWIDE RULE 32 FOR THE BS WALKER BTY, FUHRMAN-MASCHO, FUHRMAN (GLORIETA), & FUHRMAN-MASCHO (DEVONIAN) FIELDS IN ANDREWS COUNTY, TEXAS**

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**OIL AND GAS DOCKET NO. 08-0300101**

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**THE APPLICATION OF XTO ENERGY INC. FOR AN EXCEPTION TO STATEWIDE RULE 32 FOR THE DRGU BTY, DEEP ROCK (GLORIETA 5950) FIELD IN ANDREWS COUNTY, TEXAS**

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**HEARD BY:** Karl Caldwell – Technical Examiner  
Dana Lewis – Administrative Law Judge

**HEARING DATE:** June 8, 2016  
**CONFERENCE DATE:** September 27, 2016

**APPEARANCES:** **REPRESENTING:**

**APPLICANT:** XTO Energy Inc.

David Gross  
Dale Miller  
Patty Urias  
Sherry Pack

### **EXAMINERS' REPORT AND RECOMMENDATION**

#### **STATEMENT OF THE CASE**

XTO Energy Inc. ("XTO") requests an exception to Statewide Rule 32 for the BS Walker Bty (CP # 08-2346), Fuhrman-Mascho, Fuhrman (Glorieta) & Fuhrman-Mascho (Devonian) Fields in Andrews County and for the DRGU Bty (CP # 08-0889), Deep Rock (Glorieta 5950) Field in Andrews County. Notice was provided to offset operators and no protests were received. The applications are unopposed, and the Technical

Examiner and the Administrative Law Judge (collectively, "Examiners") recommend approval of an exception to Statewide 32 to flare gas for each of the tank batteries. XTO is requesting permanent exceptions to Statewide Rule 32 for each application, but does not consider a two-year exception to be adverse. The Examiners recommend granting an exception to Statewide Rule 32 for a period of two years for each application.

### **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(j) *Opportunity for hearing* states that an operator may request a hearing on any application for an exception or exception renewal required by this section. On March 29, 2016, the Commission received a hearing request from XTO for an exception renewal to Statewide Rule 32 for the BS Walker Bty (Permit No. 24299) and for the DRGU Bty (Permit No. 25710).

For the subject applications, XTO has been previously granted an exception to Statewide Rule 32 to flare gas. All of the subject wells/batteries are currently connected to a gathering system, and the request for an exception to Statewide Rule 32 only arises on an emergency basis when there is a pipeline interruption. The request for a two year exception renewal is in the event XTO has a need to flare gas for longer than 24 hour periods on an emergency basis.

#### **BS Walker Bty (Lat/Long: 32.2725103, -102.6510596)**

There are two wells on the B.S. Walker Lease (08-34056) completed in the Fuhrman (Glorieta) Field. On the B.S. Walker Lease (08-21064), there are 9 wells completed in the Fuhrman-Mascho Field, and on the B.S. Walker Lease (08-10080), there is one well completed in the Fuhrman-Mascho (Devonian) Field. All of these wells are connected to a common flare point at the BS Walker tank battery (Commingling Permit # 08-2346). All of these leases are currently hooked up to a DCP Midstream LP pipeline.

XTO was previously granted flare permit No. 24229 for the BS Walker Battery (Commingling Permit No. 08-2346). This permit was granted through May 9, 2016, for a maximum flare volume of 100 Mcf per day. XTO is requesting an extension of the current flare permit to flare a maximum volume of 100 Mcf per day. XTO's witness testified that within two years, the cumulative daily casinghead gas production from the BS Walker Leases subject to this hearing may be below 50 Mcf per day.

**The DRGU Bty (Lat/Long: 32.31217, -102.66001)**

The Deep Rock Glorieta Unit (DRGU), Commingling Permit No. 08-0889, tank battery is located approximately 6 miles west of Andrews, Texas. There are a total of two leases associated with this flare point at the DRGU battery (Commingling Permit No. 08-0889). There is only one well on the Ogden Belle -A- Lease (Lease No. 08-14608), while there are a total of 26 wells on the DRGU (Lease No. 08-33898). The leases are currently connected to a DCP Midstream LP pipeline. XTO wants to sell all of the gas produced on the subject leases; however due to system upsets XTO may need to flare gas at times for periods greater than 24 hours.

XTO was previously granted flare permit No. 25710, for the DRGU battery. This permit was granted through May 9, 2016, for a maximum flare volume of 70 Mcf per day. XTO is requesting an extension of the current flare permit for a maximum volume of 100 Mcf per day.

**FINDINGS OF FACT**

1. Notice of this hearing was given to offset operators at least ten days' prior to the date of hearing. There were no protests to the applications.
2. All of the wells/leases are currently connected to a DCP Midstream LP pipeline in each of the subject applications.
3. XTO was previously granted flare Permit No. 24229 for the BS Walker Battery (Commingle Permit No. 08-2346).
4. The Commission received a hearing request for an exception to Statewide Rule 32 for the BS Walker Battery (Commingle Permit No. 08-2346) on March 29, 2016, prior to the expiration of the previous permit.
5. XTO is requesting an extension of the current flare permit (Permit No. 24229) for the BS Walker Battery (Commingle Permit No. 08-2346) to flare a maximum volume of 100 Mcf per day.
6. XTO was previously granted flare Permit No. 25710 for the DRGU battery (Commingling Permit No. 08-0889).
7. The Commission received a hearing request for an exception to Statewide Rule 32 for the DRGU battery (Commingling Permit No. 08-0889) on March 29, 2016, prior to the expiration of the previous permit.

8. XTO is requesting an extension of the current flare permit (Permit No. 25710) for the DRGU battery (Commingling Permit No. 08-0889) to flare a maximum volume of 100 Mcf per day.

### CONCLUSIONS OF LAW

1. 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(h) (4) provides for an exception for more than 180 days and for volumes greater than 50 Mcf per day.

### 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 BS Walker Bty (CP # 08-2346) to flare a maximum volume of 100 Mcf per day of casinghead gas and an exception to Statewide Rule 32 for the DRGU Bty (CP # 08-0889) to flare a maximum volume of 100 Mcf per day. Each exception will commence the date the previous permit expires and expire two years from the commencement date.

Respectfully submitted,



Karl Caldwell  
Technical Examiner



Dana Lewis  
Administrative Law Judge