



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL AND GAS DOCKET NO. 08-0313442

APPLICATION OF XTO ENERGY INC. (945936) FOR AN EXCEPTION TO STATEWIDE RULE 32 FOR THE SAN ANTONIO TB (COMMINGLING PERMIT NO. 08-7648), TWO GEORGES (BONE SPRING) AND PHANTOM (WOLFCAMP) FIELDS, LOVING COUNTY, TEXAS

HEARD BY: Robert Musick, P.G. – Technical Examiner
Jennifer Cook - Administrative Law Judge

HEARING DATE: October 24, 2018

CONFERENCE DATE: January 23, 2019

APPEARANCES: **REPRESENTING:**

APPLICANT:

David Gross
Dale E. Miller
Patty Urias
Sherry Pack

XTO Energy Inc.

EXAMINERS' REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

XTO Energy Inc. (XTO) seeks an exception to Statewide Rule 32 to flare casinghead gas associated with the San Antonio TB in the Two Georges (Bone Spring) Field (Field No. 92100050) and Phantom (Wolfcamp) Field (Field No. 71052900), Loving County, Texas. The San Antonio TB shares a flare point (Commingling Permit No. 08-7648) with the San Antonio 76-34 (45544) Lease, and Santa Barbara 76-27 (46530) Lease in the Two Georges (Bone Spring) Field, and the St. John 76-2734 (50068) Lease in the Phantom (Wolfcamp) Field.

XTO was granted an exception to Statewide Rule 32, for the San Antonio TB commingled flare point under Final Order No. 08-0303918, expiring on May 2, 2019. XTO is currently seeking a final order to continue flaring authority of casinghead gas from October 24, 2018 to October 23, 2020, a period of 2 years at a maximum volume of 5,000 thousand cubic feet per day ("MCF/Day"). The 2-year flaring authority is for proposed or

new wells not currently connected to a sales line and for existing wells during periods of routine maintenance or sales line unavailability.

The application is unopposed, and the Technical Examiner and Administrative Law Judge (collectively "Examiners") recommend approval of the exception to Statewide Rule 32 for the commingled flare point.

DISCUSSION OF THE EVIDENCE

Statewide Rule 32 governs the utilization for legal purposes of natural gas and casinghead gas produced under the jurisdiction of the Railroad Commission. XTO seeks emergency flaring relief pursuant to Statewide Rule 32(f)(1)(B), 32(f)(1)(C) and 32(h)(4), as follows:

A flaring exception is required if you flare for more than 72 hours in one calendar month or if you flare for a period of time exceeding 24 hours in one calendar month.

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.

XTO was granted an exception to Statewide Rule 32, for the San Antonio TB commingled flare point under SWR 32 Permit No. 29063 through Final Order No. 08-0303918. The SWR 32 permit was granted for a period of two-years, expiring on May 2, 2019, with an authorized flare volume of 2,000 MCF/Day.

To continue the flaring authority of casinghead gas, XTO filed a letter dated July 19, 2018, requesting a hearing to be conducted to seek continued flaring authority for the San Antonio TB, commingled flare point. The Hearings Division issued a Notice of Hearing to all of the offset Operators on the Service List on September 26, 2018, and a public hearing was held on October 24, 2018. XTO is seeking flaring authority of 5,000 MCF/Day for two years, from October 24, 2018 to October 23, 2020.

Testimony at the hearing indicates the wells associated with the San Antonio TB are connected or are scheduled to be connected to an Energy Transfer Company gas transmission line. The new wells will require flaring during flowback, prior to being hooked up, and existing wells will only require flaring during periods of routine maintenance, equipment malfunction, upset events, and during sales line unavailability.

XTO agreed on the record, that pursuant to the provisions of Texas Government Code §2001.144(a)(4)(A), the Final Order in this case shall be final and effective on the date a Master Order relating to this Final Order is signed.

The Examiners recommend the exceptions be granted.

FINDINGS OF FACT

1. Proper notice of this hearing was provided to all offset operators at least ten (10) days prior to the date of the hearing and no protests were received.
2. XTO Energy Inc. (XTO) seeks an exception to Statewide Rule 32 to flare casinghead gas associated with the San Antonio TB in the Two Georges (Bone Spring) Field (Field No. 92100050) and Phantom (Wolfcamp) Field (Field No. 71052900), Loving County, Texas.
3. The San Antonio TB shares a flare point (Commingled Permit No. 08-7648) with the San Antonio 76-34 (45544) Lease, and Santa Barbara 76-27 (46530) Lease in the Two Georges (Bone Spring) Field, and the St. John 76-2734 (50068) Lease in the Phantom (Wolfcamp) Field.
4. XTO was granted an exception to Statewide Rule 32, for the San Antonio TB commingled flare point under SWR 32 Permit No. 29063 through Final Order No. 08-0303918. The SWR 32 permit was granted for a period of two-years, expiring on May 2, 2019, with an authorized flare volume of 2,000 MCF/Day.
5. XTO sent a letter dated July 19, 2018, requesting a hearing to be conducted to seek continued flaring authority for the San Antonio TB, commingled flare point.
6. The Hearings Division issued a Notice of Hearing to all of the offset Operators on the Service List on September 26, 2018.
7. A public hearing was held on October 24, 2018.
8. XTO is seeking flaring authority of 5,000 MCF/Day for two years, from October 24, 2018 to October 23, 2020.
9. Testimony at the hearing indicates the wells associated with the San Antonio TB are connected or are scheduled to be connected to an Energy Transfer Company gas transmission line. The new wells will require flaring during flowback, prior to being hooked up, and existing wells will only require flaring during periods of routine maintenance, equipment malfunction, upset events, and during sales line unavailability.
10. XTO agreed on the record, that pursuant to the provisions of Texas Government Code §2001.144(a)(4)(A), the Final Order in this case shall be final and effective on the date a Master Order relating to this Final Order is signed.

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 § 1.42.
3. The requested authority to flare casinghead gas satisfies the requirements of Statewide Rule 32. 16 Tex. Admin. Code § 3.32 (h).
4. Pursuant to §2001.144(a)(4)(A), of the Texas Government Code, and the agreement of the applicant, the Final Order in this case is final and effective when a Master Order relating to the Final Order is signed.

EXAMINERS' RECOMMENDATION

Based on the above findings of facts and conclusions of law, the Examiners recommend that the Commission grant the exception to Statewide Rule 32 for the San Antonio TB commingled flare point with flaring authority of 5,000 MCF/Day for two-years, from October 24, 2018 to October 23, 2020.

Respectfully submitted,



Robert Musick, P.G.
Technical Examiner



Jennifer Cook
Administrative Law Judge