

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

OIL AND GAS DOCKET NO. 7C-0322128

**APPLICATION OF XTO ENERGY INC. (OPERATOR NO. 945936) FOR AN
EXCEPTION TO STATEWIDE RULE 32 FOR THE AMERICAN LEGION TB LEASE,
SPRABERRY (TREND AREA) FIELD, REAGAN COUNTY, TEXAS; DISTRICT 7C.**

FINAL ORDER

The Railroad Commission of Texas ("Commission") finds that after notice in the above-docketed case was provided to all parties entitled to notice, a hearing was heard on October 30, 2019, by a Commission Technical Examiner and Administrative Law Judge. This proceeding was duly submitted to the Commission at a conference held in its offices in Austin, Texas. After considering this matter, the Commission adopts the following findings of fact and conclusions of law.

Findings of Fact

1. XTO Energy Inc. ("XTO" or "Applicant") seeks an exception to Statewide Rule 32 ("Statewide Rule 32") for authority to flare a maximum of 50 thousand cubic feet per day ("Mcf/d"), limited to 1,053 thousand cubic feet per month ("Mcfm"), of casinghead gas from August 11, 2019, to August 10, 2021, from a single flare point. The flare point is located at the American Legion TB, Spraberry (Trend Area) Field, Reagan County, Texas.
2. XTO submitted a request for hearing on the Statewide Rule 32 exception flaring authority request on July 29, 2019.
3. XTO was previously granted administrative exception to Statewide Rule 32 to flare a maximum casinghead gas volume of 72 Mcfd from the American Legion TB. This exception expired on August 10, 2019.
4. On October 8, 2019, the Hearings Division of the Commission sent a Notice of Hearing ("Notice") to Applicant and all offsetting operators in the field setting a hearing date of October 30, 2019. Consequently, the parties received more than 10 days' notice. The Notice contains (1) a statement of the time, place, and nature of the hearing; (2) a statement of the legal authority and jurisdiction under which the hearing is to be held; (3) a reference to the particular sections of the statutes and rules involved; and (4) a short and plain statement of the matters asserted. The hearing was held on October 30, 2019, as noticed. Applicant appeared and participated at the hearing. No one appeared in protest. The hearing was reopened on May 19, 2020.

5. The gas produced from the American Legion TB was gathered and sold to WTG Gas Processing, L.P. (“WTG”).
6. System upsets due to maintenance, equipment failures, high line pressure and temporary outages prevent gas from being sold, resulting in excess gas that must be flared.
7. During events of periodic and partial curtailment on the Enterprise system, the curtailed volumes of produced casinghead gas from the American Legion TB are diverted to the American Legion TB flare point for combustion disposal.
8. The requested Statewide Rule 32 exceptions to flare a maximum of 50 Mcfd, limited to 1,053 Mcfm, of casinghead gas is necessary for XTO to produce the recoverable oil during periods of high line pressure and temporary system upsets.
9. At the hearing, XTO agreed on the record that the Final Order in this docketed case is to be final and effective when a Master Order relating to this Final Order is signed.

Conclusions of Law

1. Proper notice was issued to persons entitled to notice. *See, e.g.*, Tex. Gov’t Code § 2001.051; 16 Tex. Admin. Code §§ 1.42, 1.45.
2. The Commission has jurisdiction in this case. *See, e.g.*, Tex. Nat. Res. Code § 81.051.
3. Statewide Rule 32 requires gas to be utilized for purposes and uses authorized by law unless excepted by law. 16 Tex. Admin. Code § 3.32(b).
4. Statewide Rule 32 provides exceptions allowing the flaring of gas if certain requirements are met and the flaring is necessary. *See, e.g.*, 16 Tex. Admin. Code § 3.32(f), (h).
5. XTO has met the requirements in Statewide Rule 32 to flare a maximum of 50 Mcfd, limited to 1,053 Mcfm of casinghead gas from the Haley Unit, and the flaring of such gas is necessary.
6. Pursuant to the provisions of Texas Government Code § 2001.144(a)(4)(A), this Final Order can be final and effective on the date a Master Order relating to this Final Order is signed.

Ordering Provisions

It is **ORDERED** that XTO Energy Inc. (945936) (“XTO”) is **GRANTED** an exception to Statewide Rule 32. Its request for authority to flare a maximum of 50 thousand cubic feet per day (“Mcf/d”), limited to 1,053 thousand cubic feet per month (“Mcfm”), of casinghead gas from the American Legion TB, from August 11, 2019, to August 10, 2021, as reflected in attached Attachment A is **APPROVED**.

This authority is granted, provided all production is reported on the appropriate Commission forms. Within 30 days of the effective date of this order, Magnolia shall file the Statewide Rule 32 Exception Data Sheet and the required fee for a Statewide Rule 32 exception for the subject flare point. See 16 Tex. Admin. Code § 3.32(h)(1). This order, and the authority to flare granted herein, is **VOID** if the required fee is not paid by Magnolia within thirty (30) days of the effective date of this order.

Pursuant to § 2001.144(a)(4)(A) of the Texas Government Code and the agreement of the parties in writing or on the record, **the parties have waived the right to file a motion for rehearing and the Final Order in this case is final and effective on the date the Master Order relating to the Final Order is signed.**

Signed on September 22, 2020

RAILROAD COMMISSION OF TEXAS

**(Order approved and signatures affixed by
Hearings Division’s Unprotested Master
Order dated September 22, 2020)**

ATTACHMENT A – FLARE EXCEPTION AUTHORITY

Exception No.	Commingle Permit No. (If Applicable)	Lease Name, Individual Flare Stacks	Exception Start Date	Exception End Date	Maximum Flare Volume (Mcf/d & Mcfm)	Casinghead Gas or Gas Well Gas
36857	NA	American Legion TB	August 11, 2019	August 10, 2021	50 Mcfd 1,053 Mcfm	Casinghead Gas

Note: Mcfd = Thousand Cubic Feet Per Day
Mcfm = Thousand Cubic Feet Per Month

Significant Locations:

American Legion TB Flare Point: Lat. 31° 32' 56.34" N / Long. 101° 34' 9.98" W