



# RAILROAD COMMISSION OF TEXAS

## HEARINGS DIVISION

### OIL & GAS DOCKET NOS.

08-0301123, 08-0301124, 08-0301125, 08-0301126, 08-0301127, 08-0301128 AND 08-0301160

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**THE APPLICATIONS OF XTO ENERGY, INC. FOR EXCEPTIONS TO STATEWIDE RULE 32 FOR VARIOUS FLARE POINTS ON VARIOUS LEASES IN VARIOUS FIELDS, ECTOR AND WARD COUNTY, TEXAS.**

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**HEARD BY:** Paul Dubois – Technical Examiner  
Marshall Enquist – Administrative Law Judge

**HEARING DATE:** September 29, 2016

**CONFERENCE DATE:** October 25, 2016

**APPEARANCES:**

David Gross  
Dale Miller

**REPRESENTING:**

XTO Energy, Inc.

### EXAMINERS' REPORT AND RECOMMENDATION

#### STATEMENT OF THE CASE

On September 29, 2016, a consolidated hearing was held to consider seven docketed applications of XTO Energy, Inc. ("XTO") for exceptions to Statewide Rule 32 for facilities it operates in Ector and Ward Counties, Texas. Six of the dockets pertain to facilities and fields in Ector County, and one in Ward County. The cases are similar in that XTO seeks the authority to flare gas on an "emergency" basis. While there is no continuous on-going need to flare gas from any of the facilities—all are connected and being served by gas gathering and transmission pipelines—at any given time gas gathering system issues may interrupt XTO's ability to market gas produced from its wells. These interruptions may be caused by compressor failure, pipeline capacity limitations, maintenance down-time, or other disruptive events. Although the dockets were consolidated for hearing, individual proposed Final Orders were prepared for each.

None of the applications were protested. The Technical Examiner and Administrative Law Judge (collectively, "Examiners") recommend XTO's applications be granted.

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 docket 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's request for an exception is through a hearing resulting in a final order signed by the Commission.

### **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. All of the subject facilities are connected to gas gathering and transmission systems.
3. XTO sells the casinghead gas produced from the subject facilities.
4. Occasionally, gas gathering system issues may interrupt XTO's ability to market gas produced from its wells. These interruptions may be caused by compressor failure, pipeline capacity limitations, maintenance down-time, or other disruptive events.
5. When disruptions occur, XTO must either curtail all produced hydrocarbon streams or flare the casinghead gas streams.
6. Flaring the casinghead gas streams allows XTO to continue to produce liquid hydrocarbons from the subject wells.
7. XTO has obtained administrative authority to flare gas from most of the subject facilities for a period of 180 days.
8. XTO requested hearings to extend the flaring authority before the administrative authority expired.

***Docket 08-0301123***

9. XTO seeks authority to flare gas from the CAG TB, CAG 480 SAT & CAG 676 SAT for the Goldsmith, C. A., et al Lease No. 02100 in the Goldsmith (Clear Fork) Field and Lease No. 02186 in the Goldsmith (Devonian) Field, the Goldsmith, C. A. Lease No. 38510, in the Goldsmith (Grayburg) Field, and the Goldsmith, C. A. et al Lease No. 03441, in the Lawson (San Andres) Field, Ector County, Texas, as follows:
  - a. For the CAG CTB (Flare Permit No. 26797) XTO seeks authority to flare up to 1,175 mcf gas per day from July 26, 2016 through July 25, 2018.
  - b. For the CAG 480 SAT (Flare Permit No. 26798) XTO seeks authority to flare up to 2,025 mcf gas per day from July 26, 2016 through July 25, 2018.
  - c. For the CAG 676 SAT (Flare Permit No. 26891) XTO seeks authority to flare up to 1,500 mcf gas per day from July 26, 2016 through July 25, 2018.

***Docket 08-0301124***

10. XTO seeks authority to flare gas from the CAG 448 TB for the Goldsmith, C. A. et al Lease No. 02100 in the Goldsmith (Clear Fork) Field, and the Goldsmith, C. A. Lease No. 38510 in the Goldsmith (Grayburg) Field, Ector County, Texas, as follows:
  - a. For the CAG 448 TB (Flare Permit No. 26799) XTO seeks authority to flare up to 8,400 mcf gas per day from July 26, 2016 through July 25, 2018.

***Docket 08-0301125***

11. XTO seeks authority to flare gas from the CAG 731 TB and CAG 446D SAT for the Goldsmith, C. A., et al Lease No. 02100 in the Goldsmith (Clear Fork) Field and Lease No. 02186 in the Goldsmith (Devonian) Field, Ector County, Texas, as follows:
  - a. For the CAG 731 TB (Flare Permit No. 26796) XTO seeks authority to flare up to 1,000 mcf gas per day from July 26, 2016 through July 25, 2018.
  - b. For the CAG 446D SAT (Flare Permit No. 26801) XTO seeks authority to flare up to 1,500 mcf gas per day from July 26, 2016 through July 25, 2018.

***Docket 08-0301126***

12. XTO seeks authority to flare gas from the Goldsmith San Andres Unit Lease, GSAU 2-2 TB, GSAU 2-2 SAT 1, GSAU CTB, GSAU CO2 Phase II, GSAU CO2 Phase I, GSAU 1-14 SAT, GSAU 1-38 PO and GSAU 1-147 SAT Lease No. 02020 in the Goldsmith Field, Ector County, Texas, as follows:

- a. For the GSAU 2-2 TB (Flare Permit No. 26785) XTO seeks authority to flare up to 2,225 mcf gas per day from July 26, 2016 through July 25, 2018.
- b. For the GSAU 2-2 SAT 1 (Flare Permit No. 26786) XTO seeks authority to flare up to 500 mcf gas per day from July 26, 2016 through July 25, 2018.
- c. For the GSAU CTB (Flare Permit No. 26787) XTO seeks authority to flare up to 2,000 mcf gas per day from July 26, 2016 through July 25, 2018.
- d. For the GSAU CO2 PHASE II (Flare Permit No. 26788) XTO seeks authority to flare up to 2,300 mcf gas per day from July 26, 2016 through July 25, 2018.
- e. For the GSAU CO2 PHASE I (Flare Permit No. 26789) XTO seeks authority to flare up to 1,200 mcf gas per day from July 26, 2016 through July 25, 2018.
- f. For the GSAU 1-14 SAT (Flare Permit No. 26790) XTO seeks authority to flare up to 175 mcf gas per day from July 26, 2016 through July 25, 2018.
- g. For the GSAU 1-38 PO (Flare Permit No. 26791) XTO seeks authority to flare up to 800 mcf gas per day from July 26, 2016 through July 25, 2018.
- h. For the GSAU 1-147 SAT (Flare Permit No. 26792) XTO seeks authority to flare up to 850 mcf gas per day from July 26, 2016 through July 25, 2018.

***Docket 08-0301127***

13. XTO seeks authority to flare gas from the Goldsmith, C. A., et al Lease, CAG 541 SAT, CAG 120 SAT, CAG 497 SAT, CAG 266 SAT, CAG 541 PO, CAG 511 SAT and CAG 437 SAT Lease No. 02100 in the Goldsmith (Clear Fork) Field, Ector County, Texas, as follows:
  - a. For the CAG 541 SAT (Flare Permit No. 26781) XTO seeks authority to flare up to 550 mcf gas per day from July 26, 2016 through July 25, 2018.
  - b. For the CAG 120 SAT (Flare Permit No. 26782) XTO seeks authority to flare up to 1,100 mcf gas per day from July 26, 2016 through July 25, 2018.
  - c. For the CAG 497 SAT (Flare Permit No. 26783) XTO seeks authority to flare up to 475 mcf gas per day from July 26, 2016 through July 25, 2018.
  - d. For the CAG 266 SAT (Flare Permit No. 26784) XTO seeks authority to flare up to 700 mcf gas per day from July 26, 2016 through July 25, 2018.
  - e. For the CAG 541 PO (Flare Permit No. 26793) XTO seeks authority to flare up to 500 mcf gas per day from July 26, 2016 through July 25, 2018.

- f. For the CAG 511 SAT (Flare Permit No. 26794) XTO seeks authority to flare up to 2,675 mcf gas per day from July 26, 2016 through July 25, 2018.
- g. For the CAG 437 SAT (Flare Permit No. 26795) XTO seeks authority to flare up to 2,800 mcf gas per day from July 26, 2016 through July 25, 2018.

***Docket 08-0301128***

- 14. XTO seeks authority to flare gas from the Thomas AE TB, Thomas, A. E. Lease No. 24191 in the TXL (San Andres) Field and Lease No. 32734 in the TXL (Tubb) Field, Ector County, Texas, as follows:
  - a. For the Thomas, AE TB (Flare Permit No. 26800) XTO seeks authority to flare up to 60 mcf gas per day from July 26, 2016 through July 25, 2018.

***Docket 08-0301160***

- 15. XTO seeks authority to flare gas from three flare points in the Wolfbone (Trend Area) Field, Ward County, Texas, as follows:
  - a. For the Mi Dia TB1 (Flare Permit No. 27484) XTO seeks authority to flare up to 80 mcf gas per day from October 17, 2016 through July 25, 2018.
  - b. For the Mi Noche TB1 (Flare Permit No. 27483) XTO seeks authority to flare up to 200 mcf gas per day from October 17, 2016 through July 25, 2018.
  - c. For the Mi Noche North TB (Lease ID 44326) XTO seeks authority to flare up to 3,000 mcf gas per day from October 17, 2016 through July 25, 2018.

**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 §§ 1.43 and 1.45.
- 3. XTO has met the requirements in 16 Tex. Admin. Code § 3.32 for exceptions to the limitations in that section regarding the requested authority to flare gas produced from the subject facilities.

**EXAMINERS' RECOMMENDATION**

Based on the above findings of fact and conclusions of law, the Examiners recommend the Commission enter an order granting the application of XTO Energy, Inc. for exceptions to Statewide Rule 32 for the subject facilities in Ector and Ward Counties, Texas.

Respectfully submitted,



Paul Dubois  
Technical Examiner



Marshall Enquist  
Administrative Law Judge