



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL & GAS DOCKET NO. 08-0306338

THE APPLICATION OF XTO ENERGY INC. FOR AN EXCEPTION TO STATEWIDE RULE 32 FOR 43 VARIOUS FLARE POINTS ON THE FULLERTON CLEARFORK UNIT (LEASE #01770), FULLERTON FIELD AND 1 POINT ON THE WILSON-B-LEASE (LEASE #31066), FULLERTON (DEVONIAN) FIELD, ANDREWS COUNTY, TEXAS

HEARD BY: Richard Eyster, P. G. – Technical Examiner
Clayton J. Hoover – Administrative Law Judge

HEARING DATE: November 9, 2017

CONFERENCE DATE: December 5, 2017

APPEARANCES:

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") requests a two year exception to Statewide Rule 32 (16 Tex. Admin. Code § 3.32) to flare gas in varying volumes from forty-three (43) various flare points from the Fullerton Clearfork Unit (Lease #01770), Fullerton Field, and from one flare point from the Wilson-B-Lease (Lease #31066), Fullerton (Devonian) Field, Andrews County, Texas. All offset operators in the field were notified of the hearing. There were no objections filed, and no protestants appeared at the hearing. The Administrative Law Judge and Technical Examiner (collectively, "Examiners") recommend approval of an exception to Statewide Rule 32 to flare casinghead gas as requested by XTO.

DISCUSSION OF THE EVIDENCE

Title 16, §3.32 of the Texas Administrative Code ("TAC") governs this Application as it relates to the utilization of gas well gas and casinghead gas produced by oil and gas wells under the jurisdiction of the Railroad Commission. Specifically, 16 TAC §3.32(h) provides that an exception to flare casinghead gas in volumes greater than 50 MCFD may be granted administratively for a period up to 180 days. Flaring exceptions beyond the 180 days shall be granted only in a final order signed by the Commission. In the context of the subject application, XTO is requesting an exception to flare casinghead gas produced from the subject lease as provided by Statewide Rule 32(h).

The Fullerton Clearfork Unit ("Unit") (Lease #01770) is an on-going secondary recovery waterflood project and contains 29,541 acres. The Unit holds 545 producing wells, 206 shut-in wells, and 360 injection wells, which are serviced by satellite batteries, vapor recovery units, and tank batteries within the Unit. There are 43 flare points located throughout the Unit that are associated with the components in the Unit, as shown on Attachment A. The Wilson-B-Lease ("Wilson") (Lease #31066) contains 640 acres and one flare point. The Wilson is geographically coincident with the Unit, and is shown as flare point 44 on the attachment. Information for the flare points is shown on Attachment A and includes numerical designation and flare volumes for both leases.

XTO is requesting a two-year extension of the exception to Statewide Rule 32 to flare a cumulative maximum of 13,650 MCFD of casinghead gas from the Fullerton Clearfork Unit and a maximum of 150 MCFD from Wilson Lease, effective November 20, 2017, through November 20, 2019. Flaring would occur on an emergency, intermittent basis. Flare volumes from each point in the Unit are indicated on Attachment A. XTO stated that these flares are anticipated to increase in volume as the Unit is developed. XTO has received a final order 08-0299066 for the various flare points. XTO's request for an exception was received August 16, 2017. The current order expires on November 20, 2017.

All flare points for the Unit and Wilson are connected to a gas gathering system for sales, and flaring is for emergency purposes. Operational issues occur on a regular basis for the Unit and Wilson, because of pipeline and equipment capabilities. Ms. Urias stated that about 90% of the flaring occurs because of system upset from a third-party gas purchaser, and are beyond the control of XTO.

XTO's request for SWR 32 exception is twofold. It is an effort to streamline the paperwork required, as flaring from one or more points in the Unit and Wilson occurs monthly. Permitting all 44 points to allow flare authority will lessen administrative burden and provide relief for XTO. XTO also seeks the exception to avoid shutting in wells. XTO stated that shutting in the wells would likely result in operational problems and harm secondary recovery waterflood operations, resulting in waste.

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 hearing.
2. The Fullerton Clearfork Unit (Lease #01770) is located in the Fullerton Field, and the Wilson-B-Lease (Lease #31066) is located in the Fullerton (Devonian) Field, Andrews County, Texas.
3. The Fullerton Clearfork Unit (Lease #01770) is an on-going secondary recovery waterflood project and contains 29,541 acres and forty-three flare points.
4. The Wilson-B-Lease (Lease #31066) contains 640 acres and one flare point.
5. XTO has received previous exceptions to Statewide Rule 32 for the forty-four subject flare points.
6. Leases #01770 and #31066 are currently connected to a gas gathering system for sales.
7. Operational issues occur on a regular basis for Leases #01770 and #31066 due to pipeline and equipment upsets.
8. XTO is requesting a two-year extension of the exception to Statewide Rule 32 to flare a cumulative maximum of 13,650 MCFD casinghead gas from forty-three flare points on the Fullerton Clearfork Unit (Lease #01770) in the Fullerton Field, and
9. XTO is requesting a two-year extension of the exception to Statewide Rule 32 to flare 150 MCFD from one flare point on the Wilson-B-Lease (Lease #31066), Fullerton (Devonian) Field, Loving County, Texas.

CONCLUSIONS OF LAW

1. All things have occurred and been accomplished to give the Commission jurisdiction in this matter. Tex. Nat. Res. Code § 81.051.
2. Proper notice of this hearing was given to all parties entitled to notice at least 10 days prior to the hearing. 16 Tex. Admin. Code § 3.32.
3. The requested exception to flare a cumulative volume of 13,800 MCFD casinghead gas meets the requirements of Statewide Rule 32. 16 Tex. Admin. Code § 3.32(h).

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 subject wells, as requested by XTO Energy Inc.

Respectfully submitted,



Richard Eyster, P. G.
Technical Examiner



Clayton J. Hoover
Administrative Law Judge

LIST OF FLARE POINTS
FULLERTON CLEARFORK UNIT (08-01770)
FULLERTON FIELD
ANDREWS COUNTY, TEXAS

Flare Point	Flaring Permit No.	Flare Location/System Name	Flare Volume Permitted (MCFD)	Flare Volume Requested (MCFD)
1	25389	FCU S/B 200-1	270	270
2	25390	FCU S/B 200-2	75	175
3	25388	FCU S/B 200-3	550	550
4	25387	FCU S/B 200-4	260	500
5	24197	FCU S/B 200-5	1,360	1,000
6	25386	FCU S/B 201-1	300	500
7	25385	FCU S/B 201-1A	200	200
8	25384	FCU S/B 201-2	560	450
9	24192	FCU S/B 201-3	550	700
10	24194	FCU S/B 201-4	560	700
11	25383	FCU S/B 202-1	620	650
12	25382	FCU S/B 202-3	340	450
13	25381	FCU S/B 202-4	300	200
14	24196	FCU S/B 202-6	450	1,100
15	24198	FCU S/B 202-6	465	800
16	25380	FCU S/B 203-2	200	250
17	25379	FCU S/B 203-6	700	250
18	25376	FCU S/B 203-7	60	150
19	25378	FCU S/B 207-1	130	250
20	25377	FCU S/B 207-2	160	250
21	25403	FCU S/B 207-3	415	300
22	25402	FCU S/B 207-4	340	200
23	24195	FCU S/B 207-6	750	500
24	25401	FCU S/B 209-1	615	200
25	25400	FCU S/B 209-2	410	575
26	25399	FCU S/B 211-2	75	250
27	25398	FCU S/B 211-4	110	110
28	25397	FCU S/B 211-7	100	250
29	25396	FCU T/B 200	160	160
30	25395	FCU T/B 200 VRU	60	75
31	25394	FCU T/B 201	60	100
32	25393	FCU T/B 201 VRU	65	200
33	25392	FCU T/B 202 VRU	60	200
34	25391	FCU T/B 207 VRU	60	60
35	24210	FCU T/B 202	50	100
36	24206	FCU S/B 206-3	40	375
37	24212	FCU T/B 207	30	200
38	24207	FCU S/B 210-2	30	100
39	24208	FCU S/B 211-1	30	30
40	24209	FCU S/B 211-3	40	150
41	24205	FCU S/B 200-5 VRU	45	45
42	24204	FCU T/B 211	25	25
43	24211	FCU T/B 211 VRU	25	50
permanent flaring permits		Total	11,785	13,650

WILSON-B-LEASE (08-31066)
FULLERTON (DEVONIAN) FIELD
ANDREWS COUNTY, TEXAS

Flare Point	Flaring Permit No.	Flare Location/System Name	Flare Volume Permitted (MCFD)	Flare Volume Requested (MCFD)
44	25404	Wilson HM B T/B	100	150

ATTACHMENT A

LIST OF FLARE POINTS
FULLERTON CLEARFORK UNIT (08-01770)
FULLERTON FIELD
ANDREWS COUNTY, TEXAS

Flare Point	Flaring Permit No.	Flare Location/System Name	Flare Volume Permitted (MCFD)	Flare Volume Requested (MCFD)
1	25389	FCU S/B 200-1	270	270
2	25390	FCU S/B 200-2	75	175
3	25388	FCU S/B 200-3	550	550
4	25387	FCU S/B 200-4	260	500
5	24197	FCU S/B 200-5	1,360	1,000
6	25386	FCU S/B 201-1	300	500
7	25385	FCU S/B 201-1A	200	200
8	25384	FCU S/B 201-2	560	450
9	24192	FCU S/B 201-3	550	700
10	24194	FCU S/B 201-4	560	700
11	25383	FCU S/B 202-1	620	650
12	25382	FCU S/B 202-3	340	450
13	25381	FCU S/B 202-4	300	200
14	24196	FCU S/B 202-5	450	1,100
15	24198	FCU S/B 202-6	465	800
16	25380	FCU S/B 203-2	200	250
17	25379	FCU S/B 203-6	700	250
18	25376	FCU S/B 203-7	60	150
19	25378	FCU S/B 207-1	130	250
20	25377	FCU S/B 207-2	160	250
21	25403	FCU S/B 207-3	415	300
22	25402	FCU S/B 207-4	340	200
23	24195	FCU S/B 207-5	750	500
24	25401	FCU S/B 209-1	615	200
25	25400	FCU S/B 209-2	410	575
26	25399	FCU S/B 211-2	75	250
27	25398	FCU S/B 211-4	110	110
28	25397	FCU S/B 211-7	100	250
29	25396	FCU T/B 200	160	160
30	25395	FCU T/B 200 VRU	60	75
31	25394	FCU T/B 201	60	100
32	25393	FCU T/B 201 VRU	65	200
33	25392	FCU T/B 202 VRU	60	200
34	25391	FCU T/B 207 VRU	60	60
35	24210	FCU T/B 202	50	100
36	24206	FCU S/B 206-3	40	375
37	24212	FCU T/B 207	30	200
38	24207	FCU S/B 210-2	30	100
39	24208	FCU S/B 211-1	30	30
40	24209	FCU S/B 211-3	40	150
41	24205	FCU S/B 200-5 VRU	45	45
42	24204	FCU T/B 211	25	25
43	24211	FCU T/B 211 VRU	25	50
permanent flaring permits		Total	11,705	13,650

WILSON-B- LEASE(08-S1066)
FULLERTON (DEVONIAN) FIELD
ANDREWS COUNTY, TEXAS

Flare Point	Flaring Permit No.	Flare Location/System Name	Flare Volume Permitted (MCFD)	Flare Volume Requested (MCFD)
44	25404	Wilson HM B T/B	100	150

ATTACHMENT A