

RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL AND GAS DOCKET NO. 08-0309409

APPLICATION OF XTO ENERGY INC. (945936) FOR AN EXCEPTION TO STATEWIDE RULE 32 FOR TWO FLARE POINTS IN THE JE PARKER TANK BATTERY AREA, MARTIN (CONSOLIDATED), MARTIN (ELLENBURGER), MARTIN (MCKEE), MARTIN (SECOND SIMSON SD.) AND THREE BAR (WICHITA) FIELDS, ANDREWS COUNTY, TEXAS

HEARD BY: Robert Musick, P.G. – Technical Examiner
Kristi M. Reeve – Administrative Law Judge

HEARING DATE: May 17, 2018

CONFERENCE DATE: August 21, 2018

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 JE Parker Tank Battery No. 1 (36494, 40027, 36480, 04073, 32094) Leases in various fields; and JE Parker Tank Battery No. 2 (45616) Lease in the Three Bar (Wichita) Field. All Fields are in Andrews County, Texas.

The JE Parker Tank Battery No. 1 (36494, 40027, 36480, 04073, 32094) Leases share a commingled flare point (08-4596) connected to approximately 47 wells from various leases; and the JE Parker Tank Battery No. 2 (45616) Lease share a single flare point (25711) connected to nine (9) wells on the Lease. The current flaring authority for JE Parker Area are through Commission Final Order Nos. 08-0300322 and 08-0300096, both expiring May 9, 2018, respectively.

XTO is seeking to flare 6,800 thousand cubic feet per day ("MCF/Day") of casinghead gas at JE Parker Tank Battery No. 1 (25712); and 3,200 MCF/Day at JE Parker Tank Battery No. 2 (25711). The requested effective dates are from May 10, 2018 through May 9, 2020, a two-year period.

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 flare points.

DISCUSSION OF THE EVIDENCE

XTO Energy Inc. ("XTO") seeks an exception to Statewide Rule 32 to flare casinghead gas associated with the following wells, leases and fields identified on the proration schedule:

- Approximately 47 wells in the JE Parker Tank Battery No. 1 (36494, 40027, 36480, 04073, 32094) Leases, Martin (Cons.), Martin (Ellenburger), and Martin McKee Fields, Andrews County, Texas;
- Nine (9) wells in the JE Parker Tank Battery No. 2 (45616) Lease is in the Three Bar (Wichita) Field. Andrews County, Texas.

XTO was granted an administrative exception to Statewide Rule 32, for the JE Parker Tank Battery No. 1 commingled (08-4596) flare point through administrative permit No. 25712. The administrative permit was for a period of 90 days, expiring on May 9, 2016 with an authorized flare volume of 6,800 MCF/Day.

XTO was granted an administrative exception to Statewide Rule 32, for the JE Parker Tank Battery No. 2 flare point through administrative permit No. 25711. The administrative permit was for a period of 90 days, expiring on May 9, 2016, with an authorized flare volume of 3,200 MCF/Day.

In addition to the above administrative exception to Statewide Rule 32, XTO was granted through Commission Final Order Nos. 08-0300322 and 08-0300096, authority to flare casinghead gas from the JE Parker Tank Area flare points, respectively. The Commission Final Order No. 08-0300322 authorized 6,800 MCF/Day from May 10, 2016 through May 9, 2018; and Final Order No. 08-03000096, authorized 3,200 MCF/Day from May 10, 2016 through May 9, 2018.

To continue the flaring authority of casinghead gas, XTO sent a letter dated February 7, 2018, requesting a hearing to seek continued flaring authority for the JE Parker Tank Battery Area, flare points. The Hearings Division issued a Notice of Hearing to the Service List on April 6, 2018, and a public hearing was held on May 17, 2018. At the hearing, XTO was seeking a flaring authority and exception period as established in Attachment A.

Testimony indicate wells associated with the JE Parker Tank Battery Area leases are connected to sales gas transmission lines. The wells 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 given to offset operators at least ten days prior to the date of hearing. There were no protests to the application.
2. The oil proration schedule indicates 47 wells on the JE Parker Tank Battery No. 1 (36494, 40027, 36480, 04073, 32094) Leases are completed in the Martin (Cons.) Field (57774275), Martin (Ellenburger) Field (57774332), and Martin (McKee) Field (57774498), Andrews County, Texas. Also, nine (9) wells in the JE Parker Tank Battery No. 2 (45616) Lease is in the Three Bar (Wichita) Field (89690750). Andrews County, Texas.
3. The JE Parker Tank Battery No. 1 (36494, 40027, 36480, 04073, 32094) Leases share a commingled flare point (commingle permit no. 08-4596) located near the tank battery.
4. XTO was granted an administrative exception to Statewide Rule 32, for the JE Parker Tank Battery No. 1 commingled (08-4596) flare point through administrative permit No. 25712. The administrative permit was for a period of 90 days, expiring on May 9, 2016 with an authorized flare volume of 6,800 MCF/Day.
5. XTO was granted an administrative exception to Statewide Rule 32, for the JE Parker Tank Battery No. 2 flare point through administrative permit No. 25711. The administrative permit was for a period of 90 days, expiring on May 9, 2016, with an authorized flare volume of 3,200 MCF/Day.
6. In addition to the above administrative exception to Statewide Rule 32, XTO was granted through Commission Final Order Nos. 08-0300322 and 08-0300096, authority to flare casinghead gas from the JE Parker Tank Battery Area flare points, respectively. The Commission Final Order No. 08-0300322 authorized 6,800 MCF/Day from May 10, 2016 through May 9, 2018; and Final Order No. 08-0300096, authorized 3,200 MCF/Day from May 10, 2016 through May 9, 2018.
7. XTO sent a letter dated February 7, 2018, requesting a hearing to be conducted to seek continued flaring authority for the JE Parker Tank Battery Area, flare points. The Hearings Division issued a Notice of Hearing to the Service List on April 6, 2018.
8. The hearing was held on May 17, 2018. XTO is seeking flaring and an exception period as established in Attachment A.
9. Testimony indicate wells associated with the JE Parker Tank Battery Area leases are connected to sales gas transmission lines. The wells only require flaring during periods of routine maintenance, equipment malfunction, upset events and during sales line unavailability.
10. XTO agreed, 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 fact and conclusions of law, the Examiners recommend that the Commission grant the exceptions to Statewide Rule 32 for the JE Parker Tank Battery No. 1 (36494, 40027, 36480, 04073, 32094) Leases and JE Parker Tank Battery No. 2 (45616) Lease as established in Attachment A.

Respectfully submitted,



Robert Musick, P.G.
Technical Examiner



Kristi M. Reeve
Administrative Law Judge

ATTACHMENT A – PROPOSED FLARE AUTHORITY

Flare Point and Flare Permit No.	Tank Battery Name	Lease No.	Field Name	Proposed Maximum Daily Flaring Volume (MCF/Day) and Requested Effective Dates in Final Order
Flare No. 1 No. 25712 (Comingle Permit No. 08-4596)	JE Parker Tank Battery No. 1 No. of Wells on the Proration Schedule associated with Leases = 47 Wells	36494	Martin (Cons.)	6,800 MCF/Day from 5/10/2018 through 5/09/2020
		40027		
		36480		
		04073	Martin (Ellenburger)	
		32094	Martin (McKee)	
Flare No. 2 No. 25711 (Non-Commingling)	JE Parker Tank Battery No. 2 No. of Wells on the Proration Schedule associated with Lease = 9 Wells	45616	Three Bar (Wichita)	3,200 MCF/Day from 5/10/2018 through 5/09/2020

Notes: MCF/Day = thousand cubic feet per day