

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

OIL AND GAS DOCKET NO. 08-0320910

**APPLICATION OF XTO ENERGY INC. (945936) FOR AN EXCEPTION TO
STATEWIDE RULE 32 FOR THE GINA-MADYSEN-TYLER TB (COMINGLING PERMIT
NO. 6252), SPRABERRY (TREND AREA) FIELD, ECTOR COUNTY, TEXAS**

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 June 20, 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 300 thousand cubic feet per day ("Mcf/d") of casinghead gas from May 25, 2019, to May 24, 2021, from a single flare point. The flare point is located at the Gina-Madysen-Tyler Tank Battery ("Gina-Madysen-Tyler TB"), Spraberry (Trend Area), Ector County, Texas.
2. XTO submitted a request for hearing on the Statewide Rule 32 exception flaring authority request on March 19, 2019.
3. XTO was previously granted an administrative exception to Statewide Rule 32 to flare a maximum casinghead gas volume of 300 Mcfd from the Gina-Madysen-Tyler TB. This administrative flaring authority (Permit No. 29432) expired on May 24, 2017. Flaring authority was then granted by Final Order 08-0304534. This authority expired May 24, 2019.
4. On May 13, 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 June 20, 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 June 20, 2019 as noticed. Applicant appeared and participated at the hearing. No one appeared in protest.

5. Until September 2018, gas from the leases was gathered and purchased by Chevron U.S.A. Inc. At that time, Chevron discontinued taking gas due to high maintenance cost and low economic returns on this gathering system.
6. With only 234,504 Mcf remaining recoverable reserves, the cost of constructing a new connection to a different gathering system would exceed the expected value of the reserves resulting in an estimated loss of \$605,510. Under current conditions it is not economical to obtain a new pipeline and sales connection.
7. Based on a production decline curves, the estimated volume of casinghead gas to be flared would be a maximum of 300 Mcfd.
8. The requested Statewide Rule 32 exceptions to flare a maximum of 300 Mcfd. casinghead gas is necessary for XTO to produce the recoverable oil and extend the economic limit of the leases.
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 300 Mcfd, of casinghead gas from the Gina-Madysen-Tyler TB 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** a two-year exception to Statewide Rule 32. Its request for authority to flare a maximum of 300 thousand cubic feet per day (“Mcf/d”) of casinghead gas from the Gina-Madysen-Tyler Tank Battery (“Gina-Madysen-Tyler TB”), from May 25, 2019 to May 24, 2021, as reflected in attached Attachment A is **APPROVED**.

This authority is granted, provided all production is reported on the appropriate Commission forms. XTO shall file the Statewide Rule 32 Exception Data Sheet and, shall file at the same time, the required fee for a Statewide Rule 32 exception for each individual flare point on the Lease. See 16 Tex. Admin. Code § 3.32(h)(1).

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 October 1, 2019

RAILROAD COMMISSION OF TEXAS

(Order approved and signatures affixed by
Hearings Division’s Unprotested Master
Order dated October 1, 2019)

ATTACHMENT A – FLARE EXCEPTION AUTHORITY

Permit No.	Commingled Permit No. (If Applicable)	Lease Name, Individual Flare Stacks	Permit Start Date	Permit End Date	Maximum Flare Volume (Mcf/d)	Casinghead Gas or Gas Well Gas
29432	6252	Gina-Madysen-Tyler TB	May 25, 2019	May 24, 2021	300 Mcfd	Casinghead Gas

Note: Mcfd = Thousand Cubic Feet Per Day