



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL & GAS DOCKET NO. 08-0304534

**THE APPLICATION OF XTO ENERGY INC FOR AN EXCEPTION TO STATEWIDE
RULE 32 FOR THE GINA-MADYSEN-TYLER TB, SPRABERRY (TREND AREA)
FIELD, ECTOR COUNTY, TEXAS**

HEARD BY: Paul Dubois – Technical Examiner
Jennifer N. Cook – Administrative Law Judge

HEARING DATE: June 1, 2017

CONFERENCE DATE: August 1, 2017

APPEARANCES:

APPLICANT:

David Gross
Dale Miller
Sherry Pack
Patty Urias

REPRESENTING:

XTO Energy Inc.

EXAMINERS' REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Pursuant to Statewide Rule 32 (16 Tex. Admin. Code §3.32) XTO Energy Inc. ("XTO") seeks authority to flare gas at from the Gina-Madysen-Tyler TB (Commingle Permit No. 6252) in the Spraberry (Trend Area) Field, Ector County, Texas. Gas processed through the Gina-Madysen-Tyler TB is currently delivered for sale to two gatherers. The requested exception is to allow for occasional upset and/or emergency events in which flaring is necessary to prevent well shut-in. XTO seeks authority to flare up to 300 thousand cubic feet ("mcf") per day for a period of two years. The application was not protested. The Examiners recommend XTO's exceptions 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 an exception for more than 180 days and to flare more than 50 mcf of casinghead 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. XTO operates the Gina-Madysen-Tyler TB in the Spraberry (Trend Area) Field in Ector County, Texas.
3. The Gina-Madysen-Tyler TB is a commingling point (Permit No. 6252) for three leases: Gina (Lease No. 44278), Madysen (Lease No. 42395), and Tyler (Lease No. 41451). Fifteen wells from the three leases produce into to the commingled Gina-Madysen-Tyler TB.
4. The Gina-Madysen-Tyler TB is connected to a gas gathering system operated by Four Star Oil & Gas Company.
5. Between January 2015 and March 2017, XTO experienced pipeline disruptions that affected gas production and sales in eight of 27 months. During those disruptions XTO flared some of the gas produced.
6. XTO has obtained an administrative flare permit (No. 29432) for the Gina-Madysen-Tyler TB flare point, authorizing XTO to flare up to 300 mcf gas per day from February 23, 2017 through May 24, 2017.
7. XTO requests a continued exception to Statewide Rule 32 to enable it to continue to produce hydrocarbon liquids. XTO anticipates the flaring authority will be used only in pipeline system upset emergency situations.
8. Statewide Rule 32 governs the utilization for legal purposes of natural gas produced under the jurisdiction of the Railroad Commission.

8. Statewide Rule 32 governs the utilization for legal purposes of natural gas produced under the jurisdiction of the Railroad Commission.
9. Authority to flare up to 300 mcf gas per day from the Gina-Madysen-Tyler TB will enable XTO to continue to operate the 15 wells on three leases that produce into the Gina-Madysen-Tyler TB.
10. At the hearing, the applicant agreed on the record that a Final Order in this case is to be effective when the Master 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 §§1.43 and 1.45.
3. Approval of the application will enable XTO to continue to produce liquid hydrocarbons from the Gina-Madysen-Tyler TB.
4. Pursuant to §2001.144(a)(4)(A), of the Texas Government Code, and the agreement of the applicant, this Final Order is effective when a Master Order relating to this Final Order is signed on August 1, 2017.

EXAMINERS' RECOMMENDATION

The Examiners recommend approval of the application of XTO for an exception to Statewide Rule 32 for the Gina-Madysen-Tyler TB, Spraberry (Trend Area) Field, Ector County, Texas, as set out in the attached Final Order.

Respectfully submitted,



Paul Dubois
Technical Examiner



Jennifer N. Cook
Administrative Law Judge