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RANDALL D. COLLINS, *DIRECTOR*

## RAILROAD COMMISSION OF TEXAS HEARINGS DIVISION

**OIL AND GAS DOCKET NO. 08-0304046**

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**THE APPLICATION OF XTO ENERGY, INC. TO CONSIDER AN EXCEPTION TO STATEWIDE RULE 32 FOR THE UNIVNATALIE TB, COMMINGLING PERMIT NO. 08-6976, SPRABERRY (TREND AREA) FIELD, ANDREWS COUNTY, TEXAS**

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**OIL AND GAS DOCKET NO. 08-0303917**

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**THE APPLICATION OF XTO ENERGY, INC. TO CONSIDER AN EXCEPTION TO STATEWIDE RULE 32 FOR THE HALEY-GARLAND 27-7 TB, (DRILLING PERMIT NO. 802876), PHANTOM (WOLFCAMP) FIELD, WINKLER COUNTY, TEXAS**

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**OIL AND GAS DOCKET NO. 08-0303918**

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**THE APPLICATION OF XTO ENERGY, INC. TO CONSIDER AN EXCEPTION TO STATEWIDE RULE 32 FOR THE SAN ANTONIO TB, (COMMINGLING PERMIT NO. 08-7648), PHANTOM (WOLFCAMP) FIELD AND TWO GEORGES (BONE SPRING) FIELD, LOVING COUNTY, TEXAS**

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**OIL AND GAS DOCKET NO. 08-0303933**

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**THE APPLICATION OF XTO ENERGY, INC. TO CONSIDER AN EXCEPTION TO STATEWIDE RULE 32 FOR THE HALEY UNIT, EVETTS (PENNSYLVANIAN) AND EVETTS (SILURIAN) FIELDS, WINKLER COUNTY, TEXAS**

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**HEARD BY:**

Karl Caldwell – Technical Examiner  
Clayton Hoover– Administrative Law Judge

**HEARING DATE:**

April 28, 2017

**CONFERENCE DATE:**

August 15, 2017

**APPEARANCES:**

**REPRESENTING:**

**APPLICANT:**

XTO Energy, Inc.

David Gross  
Dale Miller  
Patty Urias  
Sherry Pack

**EXAMINERS' REPORT AND RECOMMENDATION**

**STATEMENT OF THE CASE**

XTO Energy, Inc. (XTO) seeks exception renewals for its current Statewide Rule 32 exceptions for the 1) Univnatalie TB, Commingling Permit No. 08-6976, Spraberry (Trend Area) Field, Andrews County; 2) Haley-Garland 27-7 TB, (Drilling Permit No. 802876), Phantom (Wolfcamp) Field, Winkler County; 3) San Antonio TB, (Commingling Permit No. 08-7648), Phantom (Wolfcamp) Field and Two Georges (Bone Spring) Field, Loving County and; 4) the Haley Unit, Evetts (Pennsylvanian) and Evetts (Silurian) Fields, Winkler County.

For each application, notice was provided to all offset operators, and any operators that may be on the same property at a segregated depth. For each application, XTO is requesting an extension of its current Statewide Rule 32 exception for a period of two years, for the same maximum volume as the current Statewide Rule 32 exception. The applications are unopposed and the Technical Examiner and Administrative Law Judge (collectively, "Examiners") recommend approval of a two-year exception to Statewide Rule 32 for the subject applications as requested by XTO.

**DISCUSSION OF THE EVIDENCE**

Statewide Rule 32 governs the utilization for legal purposes of natural gas produced under the jurisdiction of the Railroad Commission. Specifically, Statewide Rule 32(j) Opportunity for hearing states that an operator may request a hearing on any application for an exception, or exception renewal required by this section. The Commission received a hearing request for an exception renewal for each of the subject applications on February 28, 2017. The existing exception authority for each of the flare points expires May 2, 2017. Therefore, the operator filed each application for exception renewal with the Commission more than 21 days prior to expiration of the existing exception authority.

**Univnatalie Tank Battery**

The Univnatalie TB (Commingling Permit No. 08-6976) is tied into a gas gathering pipeline operated by Williams MLP Operating LLC, and XTO sells gas when possible. Due to system upsets, there are times when gas is unable to be sold. XTO requests to flare gas during system upset conditions. XTO has an existing permit, Permit No. 29058, for the Univnatalie Tank Battery to flare a maximum of 150 Mcf gas per day, effective February 1, 2017 to May 2, 2017. XTO requests to extend the permit to flare for an additional two years, May 3, 2017 to May 2, 2019, at the same maximum rate of 150 Mcfd as previously granted.

**Haley-Garland 27-7 Tank Battery**

Energy Transfer Company is the gatherer and purchaser of the casinghead gas for wells tied into the Haley-Garland 27-7 tank battery. XTO has a current exception to Statewide Rule 32, Permit No. 29218, to flare a maximum of 500 Mcfd, effective February 1, 2017 through May 2, 2017. XTO requests to extend the current flare permit for an additional two years, May 3, 2017 through May 2, 2019, at the same maximum flare rate of 500 Mcfd as previously granted. XTO is selling gas anytime they can. The request to flare gas is in the event of system upsets.

**San Antonio Tank Battery**

Energy Transfer Company (formerly Regency Field Services LLC) is the gatherer and purchaser of the casinghead gas for the St. Lucia 76, San Antonio 76-34, and Santa Barbara 76-27 Leases that tie into the San Antonio tank battery, Commingling Permit No. 08-7648. XTO has a current exception to Statewide Rule 32, Permit No. 29063, to flare a maximum of 2,000 Mcfd, effective February 1, 2017 through May 2, 2017. XTO requests to extend the current exception authority for an additional two years, May 3, 2017 through May 2, 2019, at the same maximum rate of 2,000 Mcfd as previously granted. The request to flare gas is a result of system upsets. XTO is selling gas anytime they can.

**Haley Unit**

Enterprise Products Operating, LLC is both the gatherer and purchaser of gas produced from the Haley Unit, Commingling Permit No. 08-5357, and XTO is selling gas anytime they can. XTO has a current exception to Statewide Rule 32, Permit No. 29254, to flare a maximum of 5,500 Mcfd of casinghead gas, effective February 1, 2017 through May 2, 2017. XTO requests to extend the current Statewide Rule 32 exception authority for an additional two years, May 3, 2017 through May 2, 2019, at the same maximum rate of 5,500 Mcfd as previously granted. The request to flare casinghead gas is a result of system upsets.

For each application XTO agreed, that, pursuant to the provisions of Texas Government Code §2001.144(a)(4)(A), this Final Order shall be effective on the date a Master Order relating to this Final Order is signed.

### **FINDINGS OF FACT**

1. Proper notice of this hearing was provided to all offset operators, and any operators that may be on the same property at a segregated depth for each application.
2. On February 28, 2017, the Commission received a hearing request for a Statewide Rule 32 exception renewal for the following:
  - a. Univnatalie TB, Commingling Permit No. 08-6976, Spraberry (Trend Area) Field, Andrews County;
  - b. Haley-Garland 27-7 TB, (Drilling Permit No. 802876), Phantom (Wolfcamp) Field, Winkler County;
  - c. San Antonio TB, (Commingling Permit No. 08-7648), Phantom (Wolfcamp) Field and Two Georges (Bone Spring) Field, Loving County and;
  - d. Haley Unit, Evetts (Pennsylvanian) and Evetts (Silurian) Fields, Winkler County.
  - e. The existing exception authority for each of the above flare points expires May 2, 2017.
  - f. XTO filed each application for exception renewal with the Commission more than 21 days prior to expiration of the existing exception authority.
3. The Univnatalie TB (Commingling Permit No. 08-6976) is tied into a gas gathering pipeline operated by Williams MLP Operating LLC, and XTO sells gas when possible.
  - a. XTO has a current Statewide Rule 32 exception, Permit No. 29058, to flare a maximum of 150 Mcf gas per day due to system upsets.
  - b. The existing permit is effective February 1, 2017 to May 2, 2017.

- c. XTO requests to extend the current exception authority for an additional two years, May 3, 2017 through May 2, 2019, at the same maximum rate of 150 Mcfd as previously granted.
4. Energy Transfer Company is the gatherer and purchaser of the casinghead gas for wells tied into the Haley-Garland 27-7 tank battery.
  - a. Due to system upsets, XTO has a current exception to Statewide Rule 32 to flare a maximum of 500 Mcfd (Permit No. 29218).
  - b. The existing Statewide Rule 32 exception is effective February 1, 2017 through May 2, 2017.
  - c. XTO requests to extend the current flare permit for an additional two years at the same maximum rate of 500 Mcfd as previously granted.
5. Energy Transfer Company (formerly Regency Field Services LLC) is the gatherer and purchaser of the casinghead gas for the St. Lucia 76, San Antonio 76-34, and Santa Barbara 76-27 Leases that tie into the San Antonio tank battery, Commingling Permit No. 08-7648.
  - a. Due to system upsets, XTO has a current exception to Statewide Rule 32, to flare a maximum of 2,000 Mcfd (Permit No. 29063).
  - b. The existing Statewide Rule 32 exception is effective February 1, 2017 through May 2, 2017.
  - c. XTO requests to extend the current Statewide Rule 32 exception for an additional two years, at the same maximum rate of 2,000 Mcfd as previously granted.
6. Enterprise Products Operating, LLC is both the gatherer and purchaser of gas produced from the Haley Unit, Commingling Permit No. 08-5357.
  - a. Due to system upsets, XTO has a current exception to Statewide Rule 32, to flare a maximum of 5,500 Mcfd of casinghead gas (Permit No. 29254).
  - b. The existing exception to Statewide Rule 32 is effective February 1, 2017 through May 2, 2017.
  - c. XTO requests to extend the current Statewide Rule 32 exception for an additional two years, at the same maximum rate of 5,500 Mcfd as previously granted.

7. XTO agreed, that, pursuant to the provisions of Texas Government Code §2001.144(a)(4)(A), this Final Order shall be effective on the date a Master Order relating to this Final Order is signed

### **CONCLUSIONS OF LAW**

1. Proper notice was issued as required by all applicable statutes and regulatory codes.
2. All things have occurred and been accomplished to give the Commission jurisdiction in this matter.
3. Title 16, Texas Administrative Code 3.32(h) provides for an exception to Statewide Rule 32.
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 15, 2017.

### **EXAMINERS' RECOMMENDATION**

Based on the above findings of fact and conclusions of law, the Examiners recommend that the Commission grant Statewide Rule 32 exception renewals for a period of two years, at the same maximum daily rate as previously granted, for the Univnatalie TB, Haley-Garland 27-7 TB, San Antonio TB, and the Haley Unit, as requested by XTO.

Respectfully submitted,



Karl Caldwell  
Technical Examiner



Clayton Hoover  
Administrative Law Judge