



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL & GAS DOCKET NO. 08-0307138

**THE APPLICATION OF XTO ENERGY INC. FOR AN EXCEPTION TO STATEWIDE
RULE 32 FOR THE UNIVNATALIE TB, SPRABERRY (TREND AREA) FIELD,
ANDREWS COUNTY, TEXAS**

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

HEARING DATE: November 30, 2017

CONFERENCE DATE: January 23, 2018

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 Univnatalie TB in the Spraberry (Trend Area) Field, Andrews County, Texas. The Univnatalie TB commingles production from six XTO leases (Commingle Permit No. 6976). Gas processed through the Univnatalie TB is currently delivered for sale to two gatherers. In Oil & Gas Docket No. 08-0304046 (Final Order issued on August 15, 2017, the Commission granted XTO authority to flare 150 thousand cubic feet ("mcf") gas per day from May 3, 2017 through May 2, 2016. However, XTO now anticipates that 150 mcf was not adequate to meet its needs due to new development plans. 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 500 mcf per day from October 3, 2017 (the day XTO requested an increased flare rate) until May 2, 2019. The application was not protested. The Examiners recommend XTO's exception 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 Univnatalie TB in the Spraberry (Trend Area) Field in Andrews County, Texas.
3. The Univnatalie TB is a commingling point (Permit No. 6976) for six leases: Univcarla (Lease No. 40280), Univcarla A (Lease No. 44049), Univwanda (Lease No. 40217); Univnatalie (Lease No. 40081), Univnatalie A (Lease No. 44047), and Univnatalie B (Lease No. 44048).
4. The Univnatalie TB is connected to a gas gathering system, and the two P-4 gas gatherers are Williams MLP Operating, LLC and Energy Transfer Company.
5. XTO has obtained authority to flare gas through a Commission Final Order in Oil & Gas Docket No. 08-0304046, signed on August 15, 2017.
 - i. XTO was authorized to flare up to 150 mcf gas per day.
 - ii. The flare authority was for the time period from May 3, 2017 through May 2, 2019.

- iii. The existing Commission flare permit is No. 29058.
6. By letter dated October 3, 2017, XTO requested a hearing to amend the authority granted in Oil & Gas Docket No. 08-0304046 by increasing the allowable flare rate to 500 mcf gas per day.
7. Continued petroleum development in the area and planned development on XTO property are increasing the limitations of the pipeline system and will cause additional emergency flaring needs.
8. Most of the gas XTO produces on the six leases is sold or used on lease; gas is only flared during emergency events such as pipeline capacity limitations.
9. Statewide Rule 32 governs the utilization for legal purposes of natural gas produced under the jurisdiction of the Railroad Commission.
10. Authority to flare up to 500 mcf gas per day from the Univnatalie TB will enable XTO to continue to operate the wells on six leases that produce into the Univnatalie TB.
11. 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 §§1.42 and 1.45.
3. The requested authority to flare casinghead gas satisfies the requirements of Title 16, Texas Administrative Code 3.32(h).
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 January 23, 2018.

EXAMINERS' RECOMMENDATION

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

Respectfully submitted,



Paul Dubois
Technical Examiner



Jennifer N. Cook
Administrative Law Judge