



# RAILROAD COMMISSION OF TEXAS

## HEARINGS DIVISION

**OIL & GAS DOCKET NO. 08-0307814**

**THE APPLICATION OF XTO ENERGY INC FOR AN EXCEPTION TO STATEWIDE  
RULE 32 FOR THE HALLEY CONS 4 TB FACILITY, VARIOUS FIELDS, WINKLER  
COUNTY, TEXAS**

**OIL & GAS DOCKET NO. 08-0307815**

**THE APPLICATION OF XTO ENERGY INC FOR AN EXCEPTION TO STATEWIDE  
RULE 32 FOR THE EAST 22 TB FACILITY, VARIOUS FIELDS, WINKLER  
COUNTY, TEXAS**

**OIL & GAS DOCKET NO. 08-0307816**

**THE APPLICATION OF XTO ENERGY INC FOR AN EXCEPTION TO STATEWIDE  
RULE 32 FOR THE MIDKIFF 42 TB FACILITY, SPRABERRY (TREND AREA) AND  
BRADFORD RANCH (STRAWN) FIELDS, MIDLAND COUNTY, TEXAS**

**OIL & GAS DOCKET NO. 08-0307817**

**THE APPLICATION OF XTO ENERGY INC FOR AN EXCEPTION TO STATEWIDE  
RULE 32 FOR THE MIDKIFF 42H TB FACILITY, SPRABERRY (TREND AREA)  
FIELD, MIDLAND COUNTY, TEXAS**

**HEARD BY:** Paul Dubois, P.E. – Technical Examiner  
Clayton J. Hoover – Administrative Law Judge

**HEARING DATE:** January 24, 2018

**CONFERENCE DATE:** February 13, 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 from four flare facilities in various fields in Winkler and Midland Counties, Texas. In all of these cases, the subject wells and leases are connected to gas sales lines. From time to time XTO experiences intermittent emergency need to flare gas from these facilities. The requested authority to flare gas will enable XTO to continue to produce hydrocarbon liquids from the wells and leases served by the subject facilities. XTO has obtained administrative exceptions to flare gas. By these applications, XTO seeks to ensure legal disposition of gas and to reduce the administrative burdens that would otherwise be required for each flare event of 24 hours or longer. XTO requests authority to flare as follows:

- For the Halley Cons 4 TB Facility, up to 150 thousand cubic feet ("mcf") per day for a period of two years.
- For the East 22 TB Facility, up to 150 thousand cubic feet ("mcf") per day for a period of two years.
- For the Midkiff 42 TB Facility, up to 200 thousand cubic feet ("mcf") per day for a period of two years.
- For the Midkiff 42H TB Facility, up to 20 million cubic feet ("mmcf") per day for a period of two years. This large volume is requested because the Midkiff 42H TB facility serves 33 horizontal allocation wells.

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. Statewide Rule 32 governs the utilization for legal purposes of natural gas produced under the jurisdiction of the Railroad Commission.
3. At the hearing, the applicant agreed on the record that Final Orders in these cases are to be effective when the Master Order is signed.

#### ***Docket No. 08-0307814: Halley Cons 4 TB Facility***

4. XTO operates the Halley Cons 4 TB, which is a surface commingling point (Permit No. 4112) for 12 leases that produce from six fields in Winkler County, Texas.
  - a. The Halley Cons 4 TB is connected to a gas gathering system operated by Energy Transfer Company.
  - b. Between January 2016 and October 2017, XTO experienced intermittent pipeline disruptions and other emergency situations that affected gas sales, during which XTO flared some of the gas produced. These disruptions are likely to continue.
  - c. XTO obtained an administrative flare permit (No. 30423) for the Halley Cons 4 TB flare point, authorizing XTO to flare up to 150 mcf gas per day from May 22, 2017, through November 19, 2017.
  - d. On November 8, 2017, XTO requested a hearing to extend the flaring authority.
  - e. 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.
  - f. Authority to flare up to 150 mcf gas per day from the Halley Cons 4

TB will enable XTO to continue to operate the 12 leases that produce into the Halley Cons 4 TB.

***Docket No. 08-0307815: East 22 TB Facility***

5. XTO operates the East 22 TB, which is a surface commingling point (Permit No. 3957) for six leases that produce from four fields in Winkler County, Texas.
  - a. The East 22 TB is connected to a gas gathering system operated by Energy Transfer Company.
  - b. Between January 2016 and October 2017, XTO experienced intermittent pipeline disruptions and other emergency situations that affected gas sales, during which XTO flared some of the gas produced. These disruptions are likely to continue.
  - c. XTO obtained an administrative flare permit (No. 31734) for the East 22 TB flare point, authorizing XTO to flare up to 150 mcf gas per day from August 21, 2017, through November 19, 2017.
  - d. On November 8, 2017, XTO requested a hearing to extend the flaring authority.
  - e. 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.
  - f. Authority to flare up to 150 mcf gas per day from the East 22 TB will enable XTO to continue to operate the six leases that produce into the East 22 TB.

***Docket No. 08-0307816: Midkiff 42 TB Facility***

6. XTO operates the Midkiff 42 TB, which is a surface commingling point (Permit No. 6771) for two leases that produce from the Spraberry (Trend Area) and Bradford Ranch (Strawn) Fields in Midland County, Texas.
  - a. The Midkiff 42 TB is connected to gas gathering systems operated by Energy Transfer Company and Targa PL Mid-Cont Westtex LLC.
  - b. Between January 2016 and October 2017, XTO experienced intermittent pipeline disruptions and other emergency situations that affected gas sales, during which XTO flared some of the gas

produced. These disruptions are likely to continue.

- c. XTO obtained an administrative flare permit (No. 31736) for the Midkiff 42 TB flare point, authorizing XTO to flare up to 100 mcf gas per day from August 28, 2017, through November 26, 2017.
- d. On November 8, 2017, XTO requested a hearing to extend the flaring authority.
- e. 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.
- f. Authority to flare up to 200 mcf gas per day from the Midkiff 42 TB will enable XTO to continue to operate the six leases that produce into the Midkiff 42 TB.

***Docket No. 08-0307817: Midkiff 42H TB Facility***

7. XTO operates the Midkiff 42H TB, which is a surface commingling point (Permit No. 7330) for 33 leases that produce from the Spraberry (Trend Area) Field in Midland County, Texas.
  - a. Each of the 33 leases represents one horizontal allocation well.
  - b. The Midkiff 42H TB is connected to gas gathering systems operated by Energy Transfer Company and Targa PL Mid-Cont Westtexas LLC.
  - c. Between January 2016 and October 2017, XTO experienced intermittent pipeline disruptions and other emergency situations that affected gas sales, during which XTO flared some of the gas produced. These disruptions are likely to continue.
  - d. XTO obtained an administrative flare permit (No. 31735) for the Midkiff 42H TB flare point, authorizing XTO to flare up to 100 mcf gas per day from August 28, 2017, through November 26, 2017.
  - e. On November 8, 2017, XTO requested a hearing to extend the flaring authority.
  - f. 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.

- g. Authority to flare up to 20,000 mcf gas per day from the Midkiff 42H TB will enable XTO to continue to operate the six leases that produce into the Midkiff 42H TB.

**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. 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 February 13, 2018.

**EXAMINERS' RECOMMENDATION**

The Examiners recommend approval of the application of XTO for exceptions to Statewide Rule 32 for the subject facilities as set out in the attached Final Orders.

Respectfully submitted,



Paul Dubois, P.E.  
Technical Examiner



Clayton J. Hoover  
Administrative Law Judge