



# RAILROAD COMMISSION OF TEXAS

## HEARINGS DIVISION

OIL & GAS DOCKET NOS. 08-0308738, 08-0308739, 08-0308748 AND 08-0308749

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THE APPLICATIONS OF XTO ENERGY INC. FOR EXCEPTIONS TO STATEWIDE  
RULE 32 FOR VARIOUS LEASES IN VARIOUS KEYSTONE FIELDS, WINKLER  
COUNTY, TEXAS

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

**HEARING DATE:** April 12, 2018

**CONFERENCE DATE:** May 22, 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 several leases in various Keystone Fields in Winkler County, Texas, under the four Oil & Gas Docket Numbers identified above. In each of these cases, the Commission has issued Final Orders authorizing flaring to the former operator of the wells – BOPCO, L.P. These wells and leases are now operated by XTO, and Statewide Rule 32 requires XTO to obtain new authority to flare gas. In all of these cases, the wells and leases are connected to gas sales pipelines. The requested authority to flare gas is on an emergency basis in which pipeline capacity is not available to XTO. XTO requests the following authority to flare gas:

- Oil & GAS Docket No. 08-0308738: to flare up to 2,660 thousand cubic feet ("mcf") gas per day from nine flare points in the Bashara Tank Battery area,

Keystone (Colby), Keystone (Silurian), Keystone (Ellenburger), Keystone (Waddell), And Keystone, SW. (San Andres) Fields.

- Oil & GAS Docket No. 08-0308739: to flare up to 17,170 mcf gas per day from eleven flare points in the Walton Tank Battery area, Keystone (Colby), Keystone (Silurian), Keystone (Ellenburger), Keystone (San Andres) and Keystone, SW. (San Andres) Fields.
- Oil & GAS Docket No. 08-0308748: to flare up to 6,282 mcf gas per day from thirteen flare points in the Keystone Holt Unit (47085), Keystone (Consolidated) Field.
- Oil & GAS Docket No. 08-0308749: to flare up to 470 mcf gas per day from seven flare points in the Jenkins area, Keystone (Colby), Keystone (Silurian), and Keystone (Yates) Fields.

The applications were not protested. The technical examiner and administrative law judge ("Examiners") recommend that the applications 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. XTO acquired the subject production assets from BOPCO, L.P., which include the following:
  - a. Nine flare points in the Bashara area, Keystone (Colby), Keystone (Silurian), Keystone (Ellenburger), Keystone (Waddell), And Keystone, SW. (San Andres) Fields.
  - b. Eleven flare points in the Walton area, Keystone (Colby), Keystone (Silurian), Keystone (Ellenburger), Keystone (San Andres) and Keystone, SW. (San Andres) Fields.
  - c. Thirteen flare points in the Keystone Holt Unit (47085), Keystone (Consolidated) Field.
  - d. Seven flare points in the Jenkins area, Keystone (Colby), Keystone (Silurian), and Keystone (Yates) Fields.
4. The Commission issued Final Orders to BOPCO, L.P. authorizing that gas may be flared from the subject facilities.
5. XTO must obtain authority from the Commission to continue to flare gas from the subject facilities.
6. XTO requests continued authority similar to that which was granted to BOPCO, L.P.
7. All of the subject facilities are connected to gas sales pipelines.
  - a. The gas pipelines occasionally experience capacity or other operating issues.
  - b. When availability of the gas pipelines is restricted, XTO must either flare the gas or shut-in the wells.
8. By letter dated January 8, 2018, XTO requested a hearing to obtain the authority to flare gas from the subject facilities.
9. XTO requests authority to flare gas from the subject facilities as follows, and the flare point specific flare rates are listed on Attachment A:
  - a. Up to 2,660 mcf gas per day from nine flare points in the Bashara Tank Battery area.
  - b. Up to 17,170 mcf gas per day from eleven flare points in the Walton Tank Battery area.

- c. Up to 6,282 mcf gas per day from thirteen flare points in the Keystone Holt Unit.
- d. Up to 470 mcf gas per day from seven flare points in the Jenkins area.
- 10. Authority to flare gas from the subject facilities will enable XTO to continue to operate the wells that produce into the subject facilities.
- 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 May 22, 2018.

### **EXAMINERS' RECOMMENDATION**

The Examiners recommend approval of the applications of XTO for exceptions to Statewide Rule 32 for the subject facilities in various Keystone Fields, Winkler County, Texas, as set out in the attached Final Order.

Respectfully submitted,



Paul Dubois, P.E.  
Technical Examiner



Jennifer N. Cook  
Administrative Law Judge

**ATTACHMENT A**  
**LIST OF FLARE POINTS IN THE**  
**BASHARA TANK BATTERY AREA**  
**WINKLER COUNTY, TEXAS**

Flare Point No.	Flare Point Name	Permit No.	Field Name	Lease No./ Gas ID	Max. Daily Flaring Volume (MCFD)	Effective Date	Expiration Date
1	MJ Bashara B	29555	Keystone (Colby) Keystone (Silurian)	03290 19110	50	4/12/2018	Permanent
2	MJ Bashara 71S	29560	Keystone (Silurian)	03417	50	4/12/2018	Permanent
3	MJ Bashara Sat Colby	29726	Keystone (Colby)	16082	120	4/12/2018	4/11/2020
4	MJ Bashara Sat Silurian	29563	Keystone (Silurian)	03417	120	4/12/2018	4/11/2020
5	MJ Bashara Bty	29569	Keystone (Ellenburger)	03370 153194 270853	120	4/12/2018	4/11/2020
6	MJ Bashara Section 21	29535	Keystone, SW. (San Andres)	27885	100	4/12/2018	4/11/2020
7	BASH Ellenburger	29568	Keystone (Ellenburger) Keystone (Ellenburger) Keystone (Waddel)	36242 020410 270854	1,200	4/12/2018	4/11/2020
8	BASH Colby TB	30054	Keystone (Colby)	16091	400	4/12/2018	4/11/2020
9	MJ Bashara D TB	30053	Keystone (Colby)	17728	500	4/12/2018	4/11/2020

**Total            2,660**

**ATTACHMENT A-2  
 LIST OF FLARE POINTS IN THE  
 WALTON TANK BATTERY AREA  
 WINKLER COUNTY, TEXAS**

Flare Point No.	Flare Point Name	Permit No.	Field Name	Lease No./ Gas ID	Max. Daily Flaring Volume (MCFD)	Effective Date	Expiration Date
1	JB Walton A Silurian	29724	Keystone (Silurian)	41047	100	4/12/2018	4/11/2020
2	JB Walton A Ellenburger	29571	Keystone (Ellenburger)	03380 235271 271913	400	4/12/2018	4/11/2020
3	JB Walton F	29727	Keystone (Colby)	19871	60	4/12/2018	4/11/2020
4	JB Walton Colby	29564	Keystone (Colby) Keystone (Silurian) Keystone, SW. (San Andres)	16084 03422 27284	60	4/12/2018	4/11/2020
5	Pure Walton 1E	29570	Keystone (Ellenburger)	272541 139703	200	4/12/2018	4/11/2020
6	JB Walton 5E	29725	Keystone (Ellenburger)	03375 271532 272556	1,400	4/12/2018	4/11/2020
7	Pure Walton 7E	29567	Keystone (Ellenburger)	03361 279343	600	4/12/2018	4/11/2020
8	JB Walton C	29723	Keystone (San Andres)	15164	100	4/12/2018	4/11/2020
9	JB Walton KCBS 1EL	30057	Keystone (Ellenburger)	03375 234144 243280 155378 234145 272543 142748 155836 142752	6,000	4/12/2018	4/11/2020
10	JB Walton 2EL	30056	Keystone (Ellenburger)	153731 235268	8,000	4/12/2018	4/11/2020
11	Pure Walton 6C TB	30058	Keystone (Colby)	03272	250	4/12/2018	4/11/2020

**Total 17,170**

**ATTACHMENT A-3  
 LIST OF FLARE POINTS  
 IN THE KEYSTONE HOLT UNIT (08-47085)  
 KEYSTONE (CONSOLIDATED) FIELD  
 WINKLER COUNTY, TEXAS**

Flare Point #	Flare Point Name	Permit No.	Max. Daily Flaring Volume (MCFD)	Effective Date	Expiration Date
1	Keystone Holt Unit BATT-2-STA H-6	29365	50	4/12/2018	Permanent
2	Keystone Holt Unit BATT-2-STA H-7	29366	50	4/12/2018	Permanent
3	Keystone Holt Unit BATT-4-STA H-9	29367	50	4/12/2018	Permanent
4	Keystone Holt Unit BATT-4-STA H-11	29368	50	4/12/2018	Permanent
5	Keystone Holt Unit BATT-2-STA H-5	29376	80	4/12/2018	4/11/2020
6	Keystone Holt Unit BATT-2-STA H-12	29377	80	4/12/2018	4/11/2020
7	Keystone Holt Unit BATT-1-STA CDF	29371	400	4/12/2018	4/11/2020
8	Keystone Holt Unit BATT-1-STA G	29373	482	4/12/2018	4/11/2020
9	Keystone Holt Unit BATT-1-STA H-1	29372	600	4/12/2018	4/11/2020
10	Keystone Holt Unit BATT-2-STA H-4	29375	640	4/12/2018	4/11/2020
11	Keystone Holt Unit BATT-1-STA B	29370	800	4/12/2018	4/11/2020
12	Keystone Holt Unit BATT-1-STA A	29369	1,000	4/12/2018	4/11/2020
13	Keystone Holt Unit BATT-1-STA H-2	29374	2,000	4/12/2018	4/11/2020

**Total            6,282**

**ATTACHMENT A-4  
 LIST OF FLARE POINTS IN THE  
 JENKINS TANK BATTERY AREA  
 WINKLER COUNTY, TEXAS**

Flare Point No.	Flare Point Name	Flare Permit No.	Field Name	Lease No. Gas ID	Max. Daily Flaring Volume (MCFD)	Effective Date	Expiration Date
1	Little Jenkins	29558	Keystone (Colby) Keystone (Silurian)	03309 03425	50	4/12/2018	Permanent
2	Ben Jenkins ETAL B	29556	Keystone (Colby) Keystone (Silurian)	03293 03420	50	4/12/2018	Permanent
3	Ben Jenkins ETAL	29561	Keystone (Colby) Keystone (Silurian)	03291 03419	50	4/12/2018	Permanent
4	Gulf Jenkins	29557	Keystone (Colby)	03308	50	4/12/2018	Permanent
5	BF Jenkins ETAL Deep	29559	Keystone (Silurian)	03412	50	4/12/2018	Permanent
6	Ben Jenkins ETAL A	29565	Keystone (Colby) Keystone (Silurian) Keystone (Yates)	25588 21299 202871	100	4/12/2018	4/11/2020
7	BF Jenkins Sat	29562	Keystone (Silurian)	03418	120	4/12/2018	4/11/2020

**Total      470**