



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL AND GAS DOCKET NO. 08-0313705

APPLICATION OF XTO ENERGY INC. (945936) FOR AN EXCEPTION TO STATEWIDE RULE 32 FOR THE ST. LUCIA TB (FLARE PERMIT NO. 34284), COMMINGLING PERMIT NO. 08-7648 IN THE PHANTOM (WOLFCAMP) FIELD, LOVING COUNTY, TEXAS

HEARD BY: Robert Musick, P.G. – Technical Examiner
Jennifer Cook - Administrative Law Judge

HEARING DATE: October 24, 2018

CONFERENCE DATE: January 23, 2019

APPEARANCES: **REPRESENTING:**

APPLICANT:

David Gross
Dale E. Miller
Patty Urias
Sherry Pack

XTO Energy Inc.

EXAMINERS' REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

XTO Energy Inc. (XTO) seeks an exception to Statewide Rule 32 to flare casinghead gas associated with the St. Lucia TB in the Phantom (Wolfcamp) Field (Field No. 71052900) in Loving County, Texas. The St. Lucia TB shares a flare point (Commingling Permit No. 08-7648) with the St. Lucia 76 2833 (48657) Lease and the St. Kitts 76 2833 (50025) Lease. The current SWR 32 Flaring Permit No. 34284 expired on August 27, 2018.

XTO requests flaring authorization for the St. Lucia TB commingled flare point. XTO is seeking to flare casinghead gas volumes of 48,000 thousand cubic feet per day ("MCF/Day") from August 28, 2018 through August 27, 2020, for a two-year period. The 2-year flaring authority is for proposed or new wells not currently connected to a sales line and for existing wells during periods of routine maintenance or sales line unavailability.

The application is unopposed, and the Technical Examiner and Administrative Law Judge (collectively "Examiners") recommend approval of the exception to Statewide Rule 32 for the commingled flare point.

DISCUSSION OF THE EVIDENCE

Statewide Rule 32 governs the utilization for legal purposes of natural gas and casinghead gas produced under the jurisdiction of the Railroad Commission. XTO seeks emergency flaring relief pursuant to Statewide Rule 32(f)(1)(B), 32(f)(1)(C) and 32(h)(4), as follows:

A flaring exception is required if you flare for more than 72 hours in one calendar month or if you flare for a period of time exceeding 24 hours in one calendar month.

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.

XTO was granted an administrative exception to Statewide Rule 32, for the St. Lucia TB commingled flare point through administrative SWR 32 Permit No. 34284. The administrative permit was for a period of 90 days, expiring on August 27, 2018, with an authorized flare volume of 48,000 MCF/Day.

To continue the flaring authority of casinghead gas, XTO filed a letter dated July 26, 2018, requesting a hearing to be conducted to seek continued flaring authority for the St. Lucia TB, commingled flare point. The Hearings Division issued a notice of hearing to the Service List for all offset Operators on September 26, 2018, and a public hearing was held on October 24, 2018. At the hearing, XTO requested flaring authority of 48,000 MCF/Day for two years, from August 28, 2018 to August 27, 2020.

Testimony at the hearing indicates the leases and wells associated with the St. Lucia TB will be, or are connected to an Energy Transfer Company sales pipeline. After the sales line is connected all the wells will only require flaring during periods of routine maintenance, equipment malfunction, upset events, and during sales line unavailability.

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

The Examiners recommend the exceptions be granted.

FINDINGS OF FACT

1. Proper notice of this hearing was provided to all offset operators at least ten (10) days prior to the date of the hearing and no protests were received.

2. XTO Energy Inc. (XTO) seeks an exception to Statewide Rule 32 to flare casinghead gas associated with the St. Lucia TB in the Phantom (Wolfcamp) Field (Field No. 71052900) in Loving County, Texas.
3. The St. Lucia Lease and the St. Kitts Lease share a commingled flare point (Commingled Permit No. 08-7648) near the St. Lucia TB.
4. XTO was granted an administrative exception to Statewide Rule 32, for the St. Lucia TB commingled flare point through Permit No. 34284. The administrative permit was for a 90-day period, expiring August 27, 2018, with an authorized flare volume of 48,000 MCF/Day.
5. XTO hand filed a letter dated July 26, 2018, requesting a hearing to be conducted to seek continued flaring authority for the St. Lucia TB, commingled flaring point.
6. The Hearings Division issued a Notice of Hearing to all of the offset Operators on the Service List on September 26, 2018.
7. A public hearing was held on October 24, 2018.
8. XTO is seeking a flaring authority of 48,000 MCF/Day for two-years, from August 28, 2018 to August 27, 2020.
9. Testimony at the hearing indicates the St. Lucia TB is a new facility and the wells are or will soon be connected to a sales pipeline. After the sales line is connected the wells will only require flaring during periods of routine maintenance, equipment malfunction, upset events, and during sales line unavailability.
10. XTO agreed on the record, that pursuant to the provisions of Texas Government Code §2001.144(a)(4)(A), the Final Order in this case shall be final and effective on the date a Master Order relating to this Final 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.
3. The requested authority to flare casinghead gas satisfies the requirements of Statewide Rule 32. 16 Tex. Admin. Code § 3.32 (h).
4. Pursuant to §2001.144(a)(4)(A), of the Texas Government Code, and the agreement of the applicant, the Final Order in this case is final and effective when a Master Order relating to the Final Order is signed.

EXAMINERS' RECOMMENDATION

Based on the above findings of facts and conclusions of law, the Examiners recommend that the Commission grant the exception to Statewide Rule 32 for the St. Lucia TB commingled flare point with flaring authority of 48,000 MCF/Day for two-years, from August 28, 2018 to August 27, 2020.

Respectfully submitted,



Robert Musick, P.G.
Technical Examiner



Jennifer Cook
Administrative Law Judge