



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL & GAS DOCKET NO. 08-0311318

THE APPLICATION OF XTO ENERGY, INC. (945936) FOR AN EXCEPTION TO STATEWIDE RULE 32 FOR THE MI DIA (44174) LEASE, THE MI NOCHE (44236) LEASE TB1, AND THE MI NOCHE NORTH TB, WOLFBONE (TREND AREA) FIELD, WARD COUNTY, TEXAS

HEARD BY: Peggy Laird, P. G. – Technical Examiner
Clayton J. Hoover – Administrative Law Judge

REVIEWED BY: Richard Eyster, P.G. – Technical Examiner
Kristi M. Reeve – Administrative Law Judge

HEARING DATE: August 2, 2018

CONFERENCE DATE: February 26, 2019

APPEARANCES:

David Gross
Dale Miller
Sherry Pack
Patty Urias

REPRESENTING:

XTO Energy, Inc

EXAMINERS' REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

XTO Energy, Inc. ("XTO") seeks exception to 16 TAC 53.32 to flare casinghead gas on an emergency basis as needed for the Mi Dia (44174) Lease, the Mi Noche (44236) Lease TB1, and the Mi Noche North TB, Wolfbone (Trend Area) Field, Ward County, Texas.

The wells associated with the three facilities are connected to a sales line and flaring is limited to intermittent emergency conditions, such as compressor failure, pipeline capacity limitations, maintenance down-time, or disruptive events. The application was

not protested. The Technical Examiner and Administrative Law Judge (collectively, "Examiners") recommend XTO's application be granted.

DISCUSSION OF THE EVIDENCE

Statewide Rule 32 governs the utilization of gas well gas and casinghead gas produced by oil and gas wells under the jurisdiction of the Railroad Commission.

XTO received flare permits for the three flare points by final order in Docket No. 08-0301160 authorizing the emergency flaring of various volumes of casinghead gas ("gas") for 646 days from October 17, 2016 through July 25, 2018.

XTO is now requesting a two-year authority to flare casinghead gas from the three flare points on an intermittent basis from July 26, 2018 to July 25, 2020 at the volumes listed in Appendix 1. All of the wells are connected to gas sales lines and XTO is selling the gas most of the time. However, due to issues with lease equipment or pipeline capacity, XTO frequently finds itself of being in the position to either flare gas or shut-in full well stream production from multiple wells until the particular event is resolved. Without the requested flaring authority XTO stated that they would have to shut in the wells which may cause damage to the wells and reservoir, resulting in the waste of hydrocarbons.

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

FINDINGS OF FACT

1. Notice of this hearing was given to all parties entitled to notice at least ten (10) days prior to the date of the hearing.
2. The hearing was not protested.
3. XTO operates the wells, leases and flare facility subject to this application.
4. All of the wells are connected to gas gathering and transmission systems.
5. XTO sells the casinghead gas produced from the subject wells.
6. Occasionally, gas gathering system issues may interrupt XTO's ability to market gas produced from its wells. These interruptions may be caused by compressor failure, pipeline capacity limitations, maintenance down-time, or other disruptive events.

7. When disruptions occur, XTO must either curtail all produced hydrocarbon streams or flare the casinghead gas streams. XTO seeks authority to flare gas on an emergency basis only.
8. Flaring the casinghead gas streams allows XTO to continue to produce liquid hydrocarbons from the subject wells, preventing potential waste of reserves.
9. XTO has obtained a prior final order to flare casinghead gas from most of the subject facilities for period of two years.
10. XTO requested hearings to extend the flaring authority before the flaring authority expired.

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. XTO Energy Inc. has met the requirements in 16 Tex. Admin. Code § 3.32 for an exception to the limitations in that section regarding the requested authority to flare casinghead gas produced from the wells connected to the subject flare points listed in Appendix 1.
4. Pursuant to Texas Government Code §2001.144(a)(4)(A), this Final Order is final and effective on the date a Master Order relating to this Final Order is signed.

EXAMINERS' RECOMMENDATION

Based on the above findings of fact and conclusions of law, the Examiners recommend the Commission enter an order approving the application as requested by XTO Energy Inc.

Respectfully submitted,



Richard Eyster, P. G.
Technical Examiner



Kristi M. Reeve
Administrative Law Judge

Appendix 1

Lease Number	Flare Point	Volume / MCF per day	Duration
44174	Mi Dia TB1 (Permit No. 27484)	80 MCFD Casinghead Gas	July 26, 2018 to July 25, 2020
44236	Mi Noche TB1 (Permit No. 27483)	200 MCFD Casinghead Gas	July 26, 2018 to July 25, 2020
44236	Mi Noche N. TB (Permit No. 27930)	3,000 MCFD Casinghead Gas	July 26, 2018 to July 25, 2020