

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

OIL AND GAS DOCKET NO. 08-0319021

APPLICATION OF XTO ENERGY INC. (945936) FOR AN EXCEPTION TO STATEWIDE RULE 32 FOR THE HALEY-GARLAND 27-7 TB ON THE HALEY-GARLAND ALLOCATION 8 LEASE (48520), PHANTOM (WOLFCAMP) FIELD, WINKLER COUNTY, TEXAS

FINAL ORDER

The Railroad Commission of Texas ("Commission") finds that after notice in the above-docketed case was provided to all parties entitled to notice, a hearing was heard on June 19, 2019, by a Commission Technical Examiner and Administrative Law Judge. This proceeding was duly submitted to the Commission at a conference held in its offices in Austin, Texas. After considering this matter, the Commission adopts the following findings of fact and conclusions of law.

Findings of Fact

1. XTO Energy Inc. ("XTO" or "Applicant") seeks an exception to Statewide Rule 32 ("Statewide Rule 32") for authority to flare a maximum of 300 thousand cubic feet per day ("Mcf/d") of casinghead gas from May 3, 2019, to May 2, 2021, from a single flare point. The flare point is located at the Haley-Garland 27-7 Tank Battery ("Haley-Garland 27-7 TB"), on the Haley-Garland Allocation 8 Lease (48520) ("Lease"), Phantom (Wolfcamp), Winkler County, Texas.
2. XTO submitted a request for hearing on the Statewide Rule 32 exception flaring authority request on March 19, 2019.
3. XTO was previously granted an administrative exception to Statewide Rule 32 to flare a maximum casinghead gas volume of 500 Mcfd from the Haley-Garland 27-7 TB. This administrative flaring authority (Permit No. 29218) expired on May 2, 2017. Flaring authority was then granted by final order 08-0303917. This authority expired May 2, 2019.
4. On May 10, 2019 the Hearings Division of the Commission sent a Notice of Hearing ("Notice") to Applicant and all offsetting operators in the field setting a hearing date of June 19, 2019. Consequently, the parties received more than 10 days' notice. The Notice contains (1) a statement of the time, place, and nature of the hearing; (2) a statement of the legal authority and jurisdiction under which the hearing is to be held; (3) a reference to the particular sections of the statutes and rules involved; and (4) a short and plain statement of the matters asserted. The hearing was held

on June 19, 2019 as noticed. Applicant appeared and participated at the hearing. No one appeared in protest.

5. Energy Transfer Company (“ETC”) is the gatherer of the Leases’ gas. BP Energy Company (“BP”) is the Purchaser of the Leases’ gas.
6. ETC’s processing plant has regular and ongoing shut-ins due to “extremely high line pressures.” In combination with compressor failures, a large percentage of the produced gas is flared.
7. Based on a production decline curves, the estimated volume of casinghead gas to be flared would be a maximum of 300 Mcfd.
8. The requested Statewide Rule 32 exceptions to flare a maximum of 300 Mcfd. casinghead gas is necessary for XTO to produce the recoverable oil and extend the economic limit of the leases.
9. At the hearing, XTO agreed on the record that the Final Order in this docketed case, is to be final and effective when a Master Order relating to this Final Order is signed.

Conclusions of Law

1. Proper notice was issued to persons entitled to notice. *See, e.g.*, Tex. Gov’t Code § 2001.051; 16 Tex. Admin. Code §§ 1.42, 1.45.
2. The Commission has jurisdiction in this case. *See, e.g.*, Tex. Nat. Res. Code § 81.051.
3. Statewide Rule 32 requires gas to be utilized for purposes and uses authorized by law unless excepted by law. 16 Tex. Admin. Code § 3.32(b).
4. Statewide Rule 32 provides exceptions allowing the flaring of gas if certain requirements are met and the flaring is necessary. *See, e.g.*, 16 Tex. Admin. Code § 3.32(f), (h).
5. XTO has met the requirements in Statewide Rule 32 to flare a maximum of 300 Mcfd, of casinghead gas from the Haley-Garland 27-7 TB and the flaring of such gas is necessary.
6. Pursuant to the provisions of Texas Government Code § 2001.144(a)(4)(A), this Final Order can be final and effective on the date a Master Order relating to this Final Order is signed.

Ordering Provisions

It is **ORDERED** that XTO Energy Inc. (945936) (“XTO”) is **GRANTED** a two-year exception to Statewide Rule 32. Its request for authority to flare a maximum of 300 thousand cubic feet per day (“Mcf”) of casinghead gas from the Haley-Garland 27-7 Tank Battery (“Haley-Garland 27-7 TB”), from May 3, 2019, to May 2, 2021, as reflected in attached Attachment A is **APPROVED**.

This authority is granted, provided all production is reported on the appropriate Commission forms. XTO shall file the Statewide Rule 32 Exception Data Sheet and, shall file at the same time, the required fee for a Statewide Rule 32 exception for each individual flare point on the Lease. See 16 Tex. Admin. Code § 3.32(h)(1).

Pursuant to § 2001.144(a)(4)(A) of the Texas Government Code and the agreement of the parties in writing or on the record, **the parties have waived the right to file a motion for rehearing and the Final Order in this case is final and effective on the date the Master Order relating to the Final Order is signed.**

Signed on October 1, 2019

RAILROAD COMMISSION OF TEXAS

**(Order approved and signatures affixed by
Hearings Division’s Unprotested Master
Order dated October 1, 2019)**

ATTACHMENT A – FLARE EXCEPTION AUTHORITY

Permit No.	Commingle Permit No. (If Applicable)	Lease Name, Individual Flare Stacks	Permit Start Date	Permit End Date	Maximum Flare Volume (Mcf)	Casinghead Gas or Gas Well Gas
29218	N/A	Haley-Garland 27-7 TB	May 3, 2019	May 2, 2021	300 Mcfd	Casinghead Gas

Note: Mcfd = Thousand Cubic Feet Per Day