

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

OIL AND GAS DOCKET NO. 08-0320546

APPLICATION OF XTO ENERGY, INC. (945936) FOR AN EXCEPTION TO STATEWIDE RULE 32 FOR THE MIDKIFF 42H TB, COMMINGLING PERMIT NO. 7330, SPRABERRY (TREND AREA) FIELD, MIDLAND COUNTY, TEXAS

FINAL ORDER

The Railroad Commission of Texas ("Commission") finds that after a joint notice of hearing in the above-docketed case was provided to all parties entitled to notice, a hearing was held on August 28, 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") requested a two-year exception to Statewide Rule 32 ("SWR 32") from November 27, 2019 to November 26, 2021, for authority to flare a maximum of 9,500 thousand cubic feet per day ("Mcf/d"), limited to 125,000 thousand cubic feet per month ("Mcf/m"), of casinghead gas from the Midkiff 42H TB central flare point, Spraberry (Trend Area) Field, Midland County, Texas.
2. XTO submitted a request for hearing on the SWR 32 exception flaring authority on May 29, 2019.
3. XTO was previously granted an exception to SWR 32 in Oil and Gas Docket No. 08-0307817 to flare a maximum casinghead gas volume of 20,000 Mcfd from the Midkiff 42H TB central flare point, Spraberry (Trend Area) Field, Midland County, Texas, expiring November 26, 2019.
4. On August 1, 2019 the Hearings Division of the Commission sent a Joint Notice of Hearing ("Notice") to Applicant and all offsetting operators in the field setting a hearing date of August 28, 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 August 28, 2019 as noticed. Applicant appeared and participated at the hearing. No one appeared in protest.
5. The Midkiff 42H TB central flare point services twelve (12) separate XTO leases comprised of horizontal oil wells, including Allocation Wells and Stacked Lateral Wells, under Commingling Permit No. 7330.

6. The casinghead gas from the twelve (12) XTO leases is gathered and purchased by Energy Transfer Company ("ETC").
7. Systems upsets due to maintenance, equipment failures and weather-related events on the ETC system have caused periodic and partial curtailment of the delivery of casinghead gas produced from the twelve (12) XTO leases into the ETC system.
8. During events of periodic and partial curtailment on the ETC system, the curtailed volumes of produced casinghead gas from the twelve (12) XTO leases are diverted to the Midkiff 42H TB central flare point for combustion disposal.
9. Subsequent to the hearing, XTO filed updated lease production reports for the twelve (12) leases connected to the Midkiff 42H TB central flare point demonstrating the monthly oil and casinghead gas produced and the monthly casinghead gas flared from January 2017 through September 2019.
 - a. The reported maximum average daily casinghead gas production is 9,352 Mcf.
 - b. The reported maximum reported monthly volumes of casinghead gas flared is 122,248 Mcf.
10. The requested SWR 32 exception to flare casinghead gas is necessary for XTO to produce the recoverable hydrocarbon liquids from the twelve XTO leases during event of periodic and partial curtailment on ETC's system.
11. 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. SWR 32 requires gas to be utilized for purposes and uses authorized by law unless authorized. 16 Tex. Admin. Code § 3.32(b).

4. SWR 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 SWR 32 to flare casinghead gas 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) is granted a two-year exception to Statewide Rule 32. Its request for authority to flare casinghead gas from the Midkiff 42H TB central flare point, Spraberry (Trend Area) Field, Midland County, Texas, from November 27, 2019 to November 26, 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 the Midkiff 42H TB central flare point, Spraberry (Trend Area) Field, Midland County, Texas. 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 December 17, 2019

RAILROAD COMMISSION OF TEXAS

**(Order approved and signatures affixed by
Hearings Division's Unprotested Master
Order dated December 17, 2019)**

ATTACHMENT A

Flare Permit Number	Commingle Permit Number	Flare Location/System Name	Permit Start Date	Permit End Date	Maximum Daily Flare Volume (Mcf)	Maximum Monthly Flare Volume (Mcfm)	Casinghead or Gas Well Gas
31735	7330	Midkiff 42H TB	11/27/2019	11/26/2021	9,500	125,000	Casinghead

Note: Mcfd = thousand cubic feet per day
Mcfm = thousand cubic feet per month