

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

OIL AND GAS DOCKET NO. 08-0320549

APPLICATION OF XTO ENERGY, INC. (945936) FOR AN EXCEPTION TO STATEWIDE RULE 32 FOR THE EAST 22 TB, COMMINGLING PERMIT NO. 3957, HALLEY (DEVONIAN), HALLEY (CLEARFORK), HALLEY, SOUTH (QUEEN SAND), AND HALLEY (PENN. 8000) FIELDS, WINKLER 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 20, 2019 to November 19, 2021, for authority to flare a maximum of 900 thousand cubic feet per day ("Mcf/d"), multiplied by the calendar days of a particular month, of gas from the East 22 TB central flare point, commingling permit no. 3957, Halley (Devonian), Halley (Clearfork), Halley, South (Queen Sand), and Halley (Penn. 8000) Fields, Winkler 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. 08-0307815 to flare a maximum gas volume of 150 Mcfd from East 22 TB central flare point, commingling permit no. 3957, Halley (Devonian), Halley (Clearfork), Halley, South (Queen Sand), and Halley (Penn. 8000) Fields, Winkler county, Texas, expiring November 19, 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 East 22 TB central flare point services six (6) separate XTO gas well and oil well leases under Commingling Permit No. 3957.
6. The casinghead gas and gas well gas from the six 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 gas produced from the six (6) XTO leases into the ETC system.
8. During events of periodic and partial curtailment on the ETC system, the curtailed volumes of produced gas from the six (6) XTO leases are diverted to the East 22 TB central flare point for combustion disposal.
9. Since January 2017, the maximum reported daily volumes of casinghead gas and gas well gas produced at the East 22 TB central flare point is approximately 900 Mcf.
10. Since January 2017, the maximum reported monthly volumes of casinghead gas and gas well gas flared at the East 22 TB central flare point is 6,909 Mcf.
11. The requested SWR 32 exception to flare casinghead gas is necessary for XTO to produce the recoverable hydrocarbon liquids from the six XTO leases during events of periodic and partial curtailment on the ETC system.
12. 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. 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 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 gas at the East 22 TB central flare point, commingling permit no. 3957, Halley (Devonian), Halley (Clearfork), Halley, South (Queen Sand), and Halley (Penn. 8000) Fields, Winkler County, Texas, from November 20, 2019 to November 19, 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 East 22 TB central flare point, commingling permit no. 3957, Halley (Devonian), Halley (Clearfork), Halley, South (Queen Sand), and Halley (Penn. 8000) Fields, Winkler 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 Unprotected Master
Order dated December 17, 2019)**

ATTACHMENT A

Flare Permit Number	Commingled Permit Number	Flare Location/System Name	Permit Start Date	Permit End Date	Maximum Daily Flare Volume (Mcf/d)	Maximum Monthly Flare Volume (Mcf/m)	Casinghead or Gas Well Gas
31734	3957	East 22 TB	11/20/2019	11/19/2021	900	7,000	Casinghead & Gas Well Gas

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