

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

OIL AND GAS DOCKET NO. 08-0320906

**APPLICATION OF XTO ENERGY INC. (945936) FOR AN EXCEPTION TO
STATEWIDE RULE 32 FOR VARIOUS LEASES, SPRABERRY (TREND AREA) FIELD,
MARTIN 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 for authority to flare a maximum of 25,500 thousand cubic feet per day ("Mcf"), multiplied by the calendar days of a particular month, of casinghead gas from March 26, 2019, to March 25, 2021, from a single flare point. The flare point is located at the Mims Central Tank Battery ("Mims CTB"), Spraberry (Trend Area), Martin County, Texas.
2. XTO submitted a request for hearing on the Statewide Rule 32 exception flaring authority request on March 7, 2019.
3. XTO was previously granted an administrative exception to Statewide Rule 32 to flare a maximum casinghead gas volume of 22,500 Mcfd from the Mims CTB. This administrative flaring authority (Permit No. 36723) expired on March 25, 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. At present, the gas produced from the subject leases is gathered and sold by WTG Gas Processing, L.P. (“WTG”).
6. System upsets due to maintenance, equipment failures, high line pressure and temporary outages prevent gas from being sold, resulting in excess gas that must be flared.
7. During events of periodic and partial curtailment on the WTG system, the curtailed volumes of produced casinghead gas from the subject leases are diverted to the Mims CTB flare point for combustion disposal.
8. October 2018 was excluded from analysis in establishing peak historical monthly flared volumes. Applicant’s testimony establishes that unusually high flared volumes in October 2018 were not the result of routine system upsets.
9. Since March 2018, the maximum reported monthly volumes of casinghead gas flared at the Mims CTB is 193,430 Mcf.
10. The estimated volume of casinghead gas to be flared would be a maximum of 25,500 Mcfd, limited to 200,000 Mcfm during periods of high line pressure and temporary system upsets.
11. The requested Statewide Rule 32 exceptions to flare a maximum of 25,500 Mcfd, limited to 200,000 Mcfm, of casinghead gas is necessary for XTO to produce the recoverable oil during periods of high line pressure and temporary system upsets.
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. 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 25,500 Mcfd, limited to 200,000 Mcfm, of casinghead gas from the Mims CTB, 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 25,500 thousand cubic feet per day (“Mcfd”), limited to 200,000 thousand cubic feet per month (“Mcfm”), of casinghead gas from the Mims CTB, from March 26, 2019 to March 25, 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 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 EXCEPTION AUTHORITY

Permit No.	Commingle Permit No. (If Applicable)	Lease Name, Individual Flare Stacks	Permit Start Date	Permit End Date	Maximum Flare Volume (Mcf/d & Mcf/m)	Casinghead Gas or Gas Well Gas
36723	8131	Mims CTB	March 26, 2019	March 25, 2021	25,500 Mcfd 200,000 Mcfm	Casinghead Gas

Note: **Mcf/d = Thousand Cubic Feet Per Day**
 Mcf/m = Thousand Cubic Feet Per Month