

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

OIL AND GAS DOCKET NO. 08-0319023

APPLICATION OF XTO ENERGY INC. (OPERATOR NO. 945936) FOR AN EXCEPTION TO STATEWIDE RULE 32 FOR THE HALEY UNIT, EVETTS (PENNSYLVANIAN) FIELD AND EVETTS (SILURIAN) FIELD, WINKLER COUNTY, TEXAS; DISTRICT 08.

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 October 30, 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 3,302 thousand cubic feet per day ("Mcf/d"), limited to 9,974 thousand cubic feet per month ("Mcfm"), of gas well gas from May 3, 2019, to January 23, 2020, from a single flare point. The flare point is located at the Haley Unit, Evetts (Pennsylvanian) field and Evetts (Silurian) Field, Winkler County, Texas.
2. XTO submitted a request for hearing on the Statewide Rule 32 exception flaring authority request on March 19, 2019.
3. The wells on the Haley Unit have subsequently been shut in. The final day of flaring was January 23, 2020.
4. Between the expiration of the previous exception by final order and the final day of flaring, 15,902 thousand cubic feet ("Mcf") were flared. XTO requests that an exception be granted for this volume and these dates.
5. XTO was previously granted administrative exception to Statewide Rule 32 to flare a maximum gas well gas volume of 5,500 Mcfd from the Haley Unit. This exception expired on May 2, 2017. Flaring authority was then granted by Final Order (Oil and Gas Docket No. 08-0303933.) This authority provided exception to flare 5,500 Mcfd and expired on May 2, 2019.

6. 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 October 30, 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 October 30, 2019, as noticed. Applicant appeared and participated at the hearing. No one appeared in protest. A post hearing conference was held on May 19, 2020.
7. The gas produced from the Haley Unit was gathered and sold to Enterprise Products Operating LLC (“Enterprise”).
8. 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.
9. During events of periodic and partial curtailment on the Enterprise system, the curtailed volumes of produced gas well gas from the Haley Unit are diverted to the Haley Unit flare point for combustion disposal.
10. The requested Statewide Rule 32 exceptions to flare a maximum of 3,302 Mcfd, limited to 9,974 Mcfm, of gas well gas is necessary for XTO to produce the recoverable oil during periods of high line pressure and temporary system upsets.
11. The requested daily exception is based on the peak daily flaring during the requested time interval and the monthly limitation is based on the largest monthly flaring during the requested time interval.
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 3,302 Mcfd, limited to 9,974 Mcfm, of gas well gas from the Haley Unit, 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** an exception to Statewide Rule 32. Its request for authority to flare a maximum of 3,302 thousand cubic feet per day (“Mcf”), limited to 9,974 thousand cubic feet per month (“Mcfm”), of gas well gas from the Haley Unit, from May 3, 2019, to January 23, 2020, as reflected in attached Attachment A is **APPROVED**.

This authority is granted, provided all production is reported on the appropriate Commission forms. Within 30 days of the effective date of this order, Magnolia shall file the Statewide Rule 32 Exception Data Sheet and the required fee for a Statewide Rule 32 exception for the subject flare point. See 16 Tex. Admin. Code § 3.32(h)(1). This order, and the authority to flare granted herein, is **VOID** if the required fee is not paid by Magnolia within thirty (30) days of the effective date of this order.

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 September 22, 2020

RAILROAD COMMISSION OF TEXAS

(Order approved and signatures affixed by
Hearings Division’s Unprotested Master
Order dated September 22, 2020)

ATTACHMENT A – FLARE EXCEPTION AUTHORITY

Exception No.	Commingle Permit No. (If Applicable)	Lease Name, Individual Flare Stacks	Exception Start Date	Exception End Date	Maximum Flare Volume (Mcf/d & Mcf/m)	Casinghead Gas or Gas Well Gas
29254	5357	Haley Unit	May 3, 2019	January 23, 2020	3,302 Mcfd 9,974 Mcfm	Gas Well Gas

Note: Mcfd = Thousand Cubic Feet Per Day
Mcfm = Thousand Cubic Feet Per Month

Significant Locations:

Haley Unit Flare Point: Lat. 31.8668219° / Long. -103.3145412°