

**OIL AND GAS DOCKET NO. 05-0271881**

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**THE APPLICATION OF XTO ENERGY INC. FOR BLANKET STATEWIDE RULE 10  
AUTHORITY FOR ALL WELLS IN THE TEAGUE (PETTIT B), TEAGUE(TRAVIS PEAK),  
AND TEAGUE (CV-BOSSIER CONS.) FIELDS, FREESTONE COUNTY, TEXAS**

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**HEARD BY:** Brian K. Fancher. - Technical Examiner

**HEARING DATE:** August 25, 2011

**APPEARANCES:**

**REPRESENTING:**

**APPLICANT:**

Rick Johnston

XTO Energy Inc.

**EXAMINER'S REPORT AND RECOMMENDATION**  
**STATEMENT OF THE CASE**

XTO Energy, Inc. ("XTO") requests a Blanket Statewide Rule 10 Authority for any well in the following three fields:

<b><u>FIELD NAME</u></b>	<b><u>FIELD NUMBER</u></b>
Teague (Pettit B)	88576 330
Teague (Travis Peak)	88546 700
Teague (CV-Bossier Cons.)	88576 304

This application was unopposed and the examiner recommends approval of the Blanket Statewide Rule 10 Authority for the three subject fields, as requested by XTO.

**DISCUSSION OF THE EVIDENCE**

The three subject fields are all classified as non-associated with 100% AOF status. Several wells in the fields have had completions in one or more of the subject fields. Most of the recent development has been in the Cotton Valley and Bossier formations.

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The Teague (Pettit B) Field was discovered in January 1997 and is a non-associated field that operates under statewide field rules. Notably, the allocation formula is currently suspended as there is a 100% market for all gas produced from the field. As of August 2011, the gas proration schedule indicates XTO is the largest operator in the field and currently operates nine out of eleven wells completed in the field, including three wells that have been granted a Statewide Rule 10 exception.

The Teague (Travis Peak) Field was discovered in September 1973 and is a non-associated field that operates under special field rules. The field rules provide for 467'-600' well spacing, 640 acre gas units with optional 20 acre density and 64 acre tolerance, and allocation based on 5% per well and 95% deliverability. The allocation formula is currently suspended as there is a 100% market for all gas produced from the field. As of August 2011, the gas proration schedule indicates XTO is the largest operator in the field with eight out of twenty producing wells. XTO currently operates the only three wells completed in the field that have been granted an exception to Statewide Rule 10.

The Teague (CV-Bossier Cons.) Field was discovered in June 2006 and is a non-associated field that operates under special field rules. The field rules provide for 467'-600' well spacing, 640 acre gas units with optional 20 acre density and 64 acre tolerance, and allocation based on 5% per well and 95% deliverability. The allocation formula is currently suspended as there is a 100% market for all gas produced from the field. As of August 2011, the gas proration schedule indicates XTO is substantially the largest operator in the field. The representative on behalf of XTO indicated the current gas proration schedule for the field does not reflect a well operated by XTO to have been granted a Statewide Rule 10 exception within the field. The applicant suggests that any well that has been dually completed in the Teague (CV-Bossier Cons.) Field and previously granted an exception to Statewide Rule 10 prior to the hearing, will report production to the Teague (CV-Bossier Cons.) Field in order to procure the field rules provided for the subject field. XTO indicated it intends to down-hole commingle wells solely completed in the Teague (CV-Bossier Cons.) Field with the Teague (Pettit B) and Teague (Travis Peak) Fields, where applicable.

XTO opined it does not expect any cross-flow to occur between the three fields, as evidenced by the quantity of wells within the geographical region of the three fields having already obtained exceptions to Statewide Rule 10 involving the subject fields. XTO requests the Blanket Statewide Rule 10 exception for the subject fields in an effort to alleviate the physical filings involved in the administrative application process.

### **FINDINGS OF FACT**

1. Notice of this hearing was issued to all operators in the three subject fields.
2. The three subject fields were discovered beginning in 1973. Wells in the fields have had completions in more than one field.

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3. Each of the three subject fields are classified as non-associated with AOF status, as there is a 100% market for all gas produced from the subject fields.
4. Cross-flow between the fields is unexpected due to the quantity of wells within the geographical region of the three fields having already obtained exceptions to Statewide Rule 10 involving the subject fields.

### **CONCLUSIONS OF LAW**

1. Proper notice was issued as required by all applicable codes and regulatory statutes.
2. All things have occurred and been accomplished to give the Commission jurisdiction in this matter.
3. Approval of the requested Blanket Rule 10 Authority for the three subject fields will prevent waste and will not harm correlative rights.

### **EXAMINER'S RECOMMENDATION**

Based on the above findings of fact and conclusions of law, the examiner recommends that the Commission approve the Blanket Rule 10 Authority for the three subject fields, as requested by XTO Energy, Inc.

Respectfully submitted,

Brian K. Fancher  
Technical Examiner