

**APPLICATION OF XTO ENERGY, INC. TO CONSIDER A BLANKET EXCEPTION TO STATEWIDE RULE 10 FOR ALL CURRENT AND FUTURE WELLS IN THE FARRAR (COTTON VALLEY LIME), FARRAR (TRAVIS PEAK) AND FARRAR, SE (PETTIT) FIELDS, FREESTONE, LEON, LIMESTONE AND ROBERTSON COUNTIES, TEXAS**

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**HEARD BY:** Andres J. Trevino, P.E.

**DATE OF HEARING:** August 29, 2011

**APPEARANCES:**

Rick A. Johnston

**REPRESENTING:**

XTO Energy, Inc.

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

XTO Energy, Inc. requests exceptions to Statewide Rule 10 for any well presently or ever completed in the Farrar (Cotton Valley Lime), Farrar (Travis Peak) and Farrar, SE (Pettit) Fields. XTO Energy, Inc, Inc. also requests that the commingled wellbores be assigned to the Farrar (Cotton Valley Lime) Field for proration purposes. The examiner recommends approval of the requested Blanket Rule 10 authority.

**DISCUSSION OF THE EVIDENCE**

The Farrar, SE (Pettit) Field has two operators with 8 non commingled gas wells. Farrar (Travis Peak) Field has two operators with 28 non commingled gas wells. The Farrar (Cotton Valley Lime) Field has three operators with approximately 427 gas wells carried on the proration schedule. There have already been over 280 exceptions to Statewide Rule 10 allowing wells to be commingled in these three fields, and the commingled wells are carried in the Farrar (Cotton Valley Lime) Field. XTO Energy wants to be able to downhole commingle any well in these three fields upon payment of the fee and submission of a abbreviated Rule 10 data sheet. No new technical data would be required, but operators would have to indicate that ownership in the three fields was identical.

The Farrar, SE (Pettit) Field was discovered in 1987 at a depth of 8,608'. Field rules specifying 467-600' well spacing and 40 acre proration units with 40 acre optional units were adopted. Production data shows the field has produced 2.3 BCF of gas and 9.4 MB of condensate. Currently the field is producing 10MMcf/month of gas. The allocation formula in the Pettit is suspended. XTO Energy operates all 8 wells in the field which have yet to commingled. The majority of the wells are commingled into the Farrar (Cotton Valley Lime) Field.

The Farrar (Travis Peak) Field was discovered in 1963 at a depth of 8,894'. Field rules specifying 467-600' well spacing and 40 acre proration units with 20 acre optional units were adopted. Production data shows the field has produced 67 BCF of gas and 262.8 MB of condensate. Currently the field is producing 77 MMcf/month of gas. The allocation formula in the Travis Peak is suspended. XTO Energy operates about 25 of the 28 wells in the field which have yet to commingled. The majority of the wells are commingled into the Farrar (Cotton Valley Lime) Field.

The Farrar (Cotton Valley Lime) Field was discovered in 1977 and is found at a depth of 13,002'. Field rules specifying 330-0' well spacing and 40 acre proration units with 20 acre optional units with horizontal rules were adopted. Production data shows the field has produced 454.1 BCF of gas and 290.7 MB of condensate. Currently the field is producing 4.8 Bcf/month of gas. The allocation formula in the Cotton Valley is suspended. XTO Energy operates about 371 of the 427 wells in the field.

The initial downhole commingling authority was granted to Herd Producing Company in 2000 between the Farrar (Cotton Valley Lime) and the Farrar (Cotton Valley Sand) Fields. The vast majority of the authorities were granted more recently since 2008. XTO Energy believes downhole commingling wells in these fields will lower the economic limit and thereby increase recovery.

No fluid compatibility problems have occurred in previously commingled wells. Any cross-flow which may occur will therefore not cause reservoir damage. XTO Energy does not expect any cross-flow to occur because the zones similar bottom hole pressures.

It is requested that the commingled wellbores be assigned to the Farrar (Cotton Valley Lime) Field for proration purposes.

XTO Energy provided notice of this hearing to all operators in all of the subject fields. No one appeared at the hearing to protest the application.

#### **FINDINGS OF FACT**

1. Notice of this hearing was issued to all operators in the Farrar (Cotton Valley Lime), Farrar (Travis Peak) and Farrar, SE (Pettit) Fields.
2. The Farrar, SE (Pettit) Field was discovered in 1987 at a depth of 8,608'. Field rules specifying 467-600' well spacing and 40 acre proration units with 40 acre optional units were adopted.
3. The Farrar (Travis Peak) Field was discovered in 1963 at a depth of 8,894'. Field rules specifying 467-600' well spacing and 40 acre proration units with 20 acre optional units.

4. The Farrar (Cotton Valley Lime) Field was discovered in 1977 and is found at a depth of 13,002'. Field rules specifying 330-0' well spacing and 40 acre proration units with 20 acre optional units with horizontal rules.
5. Cumulative production from the Farrar, SE (Pettit) Field is 2.3 BCF of gas and 9.3 MBC, cumulative production from the Farrar (Travis Peak) Field is 67 BCF of gas and 262.8 MBC and cumulative production from the Farrar (Cotton Valley Lime) Field is 454.1 BCF of gas and 290.7 MBC.
6. There have already been over 280 exceptions to Statewide Rule 10 allowing wells to be commingled in these three fields, and the commingled wells are carried in the Farrar (Cotton Valley Lime) Field.
  - a. The current monthly of the Farrar, SE (Pettit) Field is 10 MMCF per month.
  - b. The current monthly of the Farrar (Travis Peak) Field is 77 MMCF per month.
  - c. The current monthly of the Farrar (Cotton Valley Lime) Field is 4.8 BCF per month.
7. Cross-flow between the fields is not expected because bottomhole pressures are similar. No fluid compatibility problems have been observed in previously commingled wells.
8. Downhole commingling production from these fields will prevent waste because separate completions in the Pettit and Travis Peak are generally not economic any more.
9. Downhole commingling wells in these fields will lower the economic limit and thereby increase recovery.

**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 Rule 10 exceptions for all wells in the Farrar (Cotton Valley Lime), Farrar (Travis Peak) and Farrar, SE (Pettit) Fields will prevent waste and will not harm correlative rights.

**EXAMINER'S RECOMMENDATION**

Based on the above findings and conclusions, the examiner recommends approval of the requested Rule 10 exceptions for all wells in the Farrar (Cotton Valley Lime), Farrar (Travis Peak) and Farrar, SE (Pettit) Fields, as specified in the attached order.

Respectfully submitted,

Andres J. Trevino, P.E.  
Technical Examiner  
Office of General Counsel