

THE APPLICATION OF XTO ENERGY, INC. TO CONSOLIDATE THE GOLDSMITH (5600), GOLDSMITH (TUBB) AND GOLDSMITH (FIGURE 5 SOUTH TUBB) FIELDS INTO THE GOLDSMITH (CLEAR FORK) FIELD AND TO AMEND THE FIELD RULES FOR THE GOLDSMITH (CLEAR FORK) FIELD, ANDREWS AND ECTOR COUNTIES, TEXAS

Heard by: Donna K. Chandler on August 23, 2006

Appearances:

David Gross
Mark Majcher
Greg Cloud
Steve Weiner

Representing:

XTO Energy, Inc.

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

XTO Energy, Inc. requests that the Goldsmith (5600), Goldsmith (Tubb) and Goldsmith (Figure 5 South Tubb) Fields be consolidated into the Goldsmith (Clear Fork) Field. XTO also requests that the field rules for the Goldsmith (Clear Fork) Field be amended as follows:

1. Designation of the field as the correlative interval from 5,040 feet to 7,329 feet as shown on the log of the C. A. Goldsmith No. 952;
2. 330'-0' well spacing;
3. 40 acre units with optional 10 acre density;
4. Allocation based on 75% acreage and 25% per well.

This application was unopposed and the examiner recommends approval of the field consolidation and amended field rules for the Goldsmith (Clear Fork) Field as proposed by XTO Energy, Inc.

DISCUSSION OF THE EVIDENCE

The Goldsmith fields were discovered beginning in the 1940's. The subject four fields all produce from Clear Fork reservoirs, including the Glorieta, Upper Clear Fork, Tubb, Lower Clear Fork and Wichita Albany. The proposed correlative interval for the consolidated field is from 5,040 feet to 7,329 feet as shown on the log of the C. A. Goldsmith No. 952. This interval is from the top of the Glorieta to the top of the Wolfcamp.

The Goldsmith (Clear Fork) Field is an associated field which was discovered in 1946. Production is from the Tubb, Lower Clear Fork and Wichita Albany. The oil field operates under rules providing for 330'-660' well spacing, 40 acre/optional 20 acre density, and allocation based on 75% acreage and 25% per well. There are over 600 oil wells in the field which have produced over 103 million BO. The gas field operates under rules providing for 560'-1,200 well spacing, 40 acre density and the allocation formula is suspended. There are 7 producing gas wells in the field.

The Goldsmith (5600) Field is also an associated field, but there are no gas wells currently on the proration schedule. The field produces from the Glorieta and Upper Clear Fork. The field operates under rules providing for 555'-850' well spacing, 40 acre/optional 20 acre density and allocation based on 100% acreage. There are over 500 wells in this field which have produced over 240 million BO.

The Goldsmith (Tubb) and Goldsmith (Figure 5 South Tubb) are classified as oil fields but there are no wells in either field. Both fields operate under Statewide Rules. Cumulative production from the Goldsmith (Tubb) Field is 40,600 BO and cumulative production from the Goldsmith (Figure 5 South Tubb) Field is 162,000 BO. The productive interval in both fields includes the Tubb and the Lower Clear Fork.

The Clear Fork reservoirs are heterogeneous and cross-sections demonstrate the discontinuity of the various intervals from well to well. Production from the Lower Clear Fork is very limited and wells would not be completed in the Lower Clear Fork without the proposed consolidation. Many wells in the fields are shut-in and would be possible recompletions candidates with consolidation. Over 100 Rule 10 exceptions have already been approved for the Goldsmith (Clear Fork) and Goldsmith (5600) Fields.

XTO plans to recomplete a minimum of 88 wellbores if consolidation is approved. This will result in the production of an additional 25,000 BO per wellbore from the Lower Clear Fork which would otherwise not be produced as separate completions. More than 200 additional recompletions are possible, depending on the success of the first phase.

XTO requests that 10 acre optional units be added to the field rules for the consolidated field in conjunction with 300 foot lease line spacing, with no between well spacing limitation. These rules will allow maximum flexibility in using existing wellbores for recompletions to the various lenticular Clear Fork members. Additionally, several very large units in the fields already have entity for density authority.

A two factor allocation formula based on 75% acreage and 25% per well is requested for the Goldsmith (Clear Fork) Field to meet statutory requirements for combining the various Clear Fork intervals into a single field.

FINDINGS OF FACT

1. Notice of this hearing was sent to all persons legally entitled to notice at least ten days prior to the date of hearing.
2. The four subject Goldsmith fields were discovered beginning in the 1940's and produce from the Glorieta, Upper Clear Fork, Tubb, Lower Clear Fork and Wichita Albany reservoirs.
3. The Goldsmith (Clear Fork) Field is an associated field which has produced over 103 million BO. There are over 600 oil wells in the field currently.
4. The Goldsmith (5600) Field is an associated field which has over 500 wells and has produced over 240 million BO.
5. The Goldsmith (Tubb) and Goldsmith (Figure 5 South Tubb) are classified as oil fields but there are no wells in either field.
6. The proposed correlative interval for the Goldsmith (Clear Fork) FIELD is from 5,040 feet to 7,329 feet as shown on the log of the C. A. Goldsmith No. 952. This interval includes the Glorieta, Upper Clear Fork, Tubb, Lower Clear Fork and Wichita Albany.
7. Consolidation of the fields will result in the recovery of additional reserves which could not otherwise be economically produced.
 - a. The Clear Fork reservoirs are heterogeneous and cross-sections demonstrate the discontinuity of the various intervals from well to well.
 - b. Lower Clear Fork production is very limited and wells would not be completed in the Lower Clear Fork as single completions.
 - c. Over 100 Rule 10 exceptions have already been approved for the Goldsmith (Clear Fork) and Goldsmith (5600) Fields.
 - d. XTO estimates than an additional 25,000 BO per wellbore can be recovered as a result of field consolidation. A minimum of 88 recompletions are planned.

8. The proposed optional 10 acre density rule and 330'-0' well spacing rule will allow use of existing wellbores to recomplete in the various lenticular Clear Fork members and produce reserves which would otherwise not be recovered.
9. Several very large units in the fields already have entity for density authority, which provide for 0' between well spacing field.
10. Allocation based 75% acreage and 25% per well will protect correlative rights and satisfy statutory requirements.

CONCLUSIONS OF LAW

1. Proper notice of this hearing was given to all persons legally entitled to notice.
2. All things have occurred or been accomplished to give the Railroad Commission jurisdiction in this matter.
3. Consolidation of the Goldsmith (5600), Goldsmith (Tubb) and Goldsmith (Figure 5 South Tubb) Fields into the Goldsmith (Clear Fork) Field as proposed by XTO Energy, Inc. is necessary to prevent waste and protect correlative rights.
4. The proposed field rules will prevent waste, protect correlative rights, and satisfy statutory requirements.

EXAMINER'S RECOMMENDATION

Based on the above findings and conclusions, the examiner recommends that the Goldsmith (5600), Goldsmith (Tubb) and Goldsmith (Figure 5 South Tubb) Fields be consolidated into the Goldsmith (Clear Fork) Field and that the field rules for the Goldsmith (Clear Fork) Field be amended as proposed by XTO Energy, Inc.

Respectfully submitted,

Donna K. Chandler
Technical Hearings Examiner