



# RAILROAD COMMISSION OF TEXAS

## OFFICE OF GENERAL COUNSEL

OIL AND GAS DOCKET NO. 04-0275655

---

**THE APPLICATION OF ROSETTA RESOURCES OPERATING, L.P. TO AMEND AND ADOPT PERMANENT FIELD RULES FOR THE GATES RANCH (EAGLE FORD SHALE) FIELD, WEBB COUNTY, TEXAS**

---

**HEARD BY:** Brian K. Fancher, P.G. - Technical Examiner  
Marshall F. Enquist - Legal Examiner

**DATE OF HEARING:** May 30, 2012

**APPEARANCES:**

**REPRESENTING:**

**APPLICANT:**

Steve Towns  
Nguyen Ngoc  
Shawn Hildreth

Rosetta Resources, LP

### EXAMINERS' REPORT AND RECOMMENDATION

#### STATEMENT OF THE CASE

Field Rules governing the Gates Ranch (Eagle Ford Shale) Field were adopted on a temporary basis per Oil & Gas Final Order 04-0268007, effective November 30, 2010, as amended. The current Temporary Field Rules are summarized as follows:

1. Designation of the fields as the correlative interval from 8,241 feet to 8,504 feet, as shown on the log of the Gates 05D, Well No. 2015 (API No. 42-479-39809), Section 2182, J. Galan Survey, A-65, Webb County;
2. 330' lease line spacing, no minimum between well-spacing, and special provisions for horizontal wells that include "take-points" and off-lease penetration points;
3. 80 acre oil units with the assignment of additional acreage for horizontal wells pursuant to Statewide Rule 86;
4. Allocation 100% Absolute Open Flow ("AOF"), otherwise allocation based on 100% acreage.

In the subject application, Rosetta Resources Operating, LP ("Rosetta") requests to amend Field Rule No. 3 so that optional 40 acre proration units may be included as an alternative to the 80 acre proration unit governing the field's density provision. Additionally, Rosetta requests that the field rules be made permanent, as the temporary status expired in May 2012.

The application was unopposed and the examiners recommend approval of the subject application, as requested by Rosetta.

### **DISCUSSION OF THE EVIDENCE**

The Gates Ranch (Eagle Ford Shale) Field is a non-associated gas field located in northwest Webb County that was discovered in August 2010 at an average depth of 8,300 feet below ground surface. The April 2012 gas proration schedule indicates there are forty-one wells carried on schedule that include seventeen producing gas wells. Currently, Rosetta is the largest active operator in the field.

In support of its application, representatives on behalf of Rosetta testified it had decreased the distance between horizontal drainhole wells from 830 feet representing 100 acre density down to 450 feet and 425 feet representing 50 acre and 55 acre density, respectively.

Rosetta submitted decline curves based on production data from horizontal drainhole wells placed on spacing that is correlative to 100 acre well-density, 55 acre density, and 50 acre density. In its evidence, the decline curves depict that wells completed on 100 acre density have not indicated communication between wells. Beyond that, the decline curves for horizontal wells completed on 55 acre and 50 acre density placement indicate a relatively steady decline in production after initial completion.

At the hearing, Rosetta concluded that to effectively drain the formation comprising the subject field, a reduced density below 80 acres will be required. As a result, Rosetta requests 40 acre optional proration units be incorporated in to the field rules governing the Gates Ranch (Eagle Ford Shale) Field.

### **FINDINGS OF FACT**

1. Notice of this application and hearing was provided to all persons entitled to notice at least ten (10) days prior to the date of the hearing.
2. The April 2012 gas proration schedule indicates there are forty-one wells carried on schedule that include seventeen producing gas wells.
5. Adoption of a 40 acre optional density rule for the Gates Ranch (Eagle Ford Shale) Field is appropriate.
  - a. Production decline curves based on wells completed in the Gates Ranch

(Eagle Ford Shale) Field indicate horizontal drainhole wells show no interference for wells drilled on 55 acre well-density and 50 acre-well density patterns.

- b. To effectively drain the Gates Ranch (Eagle Ford Shale) Field, a reduced density below 80 acres is appropriate.
6. Adoption of temporary rules approved in Oil and Gas Final Order 04-0268007, effective November 30, 2010, as amended, on a permanent basis, are appropriate at this time.

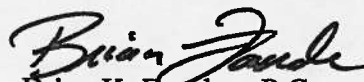
**CONCLUSIONS OF LAW**

1. Proper notice of this hearing was issued.
2. All things have been accomplished or have occurred to give the Commission jurisdiction in this matter.
3. Approval of the amended Field Rules and making the Field Rules permanent for the Gates Ranch (Eagle Ford Shale) Field is necessary to prevent waste, protect correlative rights, and promote development of the field.

**RECOMMENDATION**

Based on the above findings of fact and conclusions of law, the examiners recommend that the Commission approve the amended Field Rules and make the Field Rules permanent for the Gates Ranch (Eagle Ford Shale) Field, as requested by Rosetta Resources Operating, LP.

Respectfully submitted,



Brian K. Fancher, P.G.  
Technical Examiner



Marshall F. Enquist  
Legal Examiner