

August 24, 2007

**OIL AND GAS DOCKET NO. 05-0252506**

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**THE APPLICATION OF XTO ENERGY, INC. TO AMEND THE FIELD RULES FOR THE BEAR GRASS (TRAVIS PEAK) FIELD, LIMESTONE, FREESTONE, LEON AND ROBERTSON COUNTIES, TEXAS**

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**Heard by:** Andres J. Trevino, P.E. Technical Examiner

**Hearing Date:** July 25, 2007

**Appearances:**

**Representing:**

Rick Johnston

XTO Energy Inc.

**EXAMINER'S REPORT AND RECOMMENDATION**

**STATEMENT OF THE CASE**

Field rules for the Bear Grass (Travis Peak) Field were last amended by Order No. 5-0236645, effective November 25, 2003. The rules in effect for the field are summarized as follows:

1. Designation of the field as the correlative interval from 9,200 feet to 12,000 feet as shown on the log of the McAshan Gas Unit No. 2;
2. 467'-1,200' well spacing;
3. 320 acre gas units with a maximum diagonal of 6,500 feet; optional 40 acre units with a maximum diagonal of 2,500 feet;
4. Allocation based on 95% acreage and 5% deliverability.

XTO Energy, Inc. requests that the rules be amended as follows:

1. Designation of the field as the correlative interval from 9,200 feet to 12,000 feet as shown on the log of the McAshan Gas Unit No. 2 (No Change);
2. 467'-600' well spacing;
3. 320 acre gas units with a maximum diagonal of 6,500 feet; optional 20 acre

units with a maximum diagonal of 1,500 feet;

4. Allocation based on 95% acreage and 5% deliverability (No Change).

XTO also requests that the allocation formula for the field remain suspended.

This application was unopposed and the examiner recommends that the field rules for the Bear Grass (Travis Peak) Field be amended as requested.

### **DISCUSSION OF EVIDENCE**

The Bear Grass (Travis Peak) Field was discovered in 1980 at a depth of 9,272 feet. The field is a non-associated gas field with 75 active wells. Current deliverabilities average 157 MCFD per well. Cumulative production from the field is 114.8 BCF of gas and 577,340 BC. The allocation formula has been suspended since 1995.

Field rules adopted in 1980 provided for 640 acre density. In 1982, a 320 acre optional density rule was added. In 1986, the rules were amended to provide for 320/optional 160 acre density. In 2003, the rules were amended to provide for 320/optional 40 acre density. XTO now believes that the addition of a 20 acre optional density is necessary to maximize recovery from the field.

XTO presented drainage calculations for nine wells in the field to substantiate the requested rules. Using decline curve analysis and information taken from available well logs, drainage area calculations showed the wells drained between 11.2 acres and 251.3 acres. The EUR for the nine wells ranged from 178 MMCF to 4.8 BCF.

The designated interval for this field will not be changed and remains as from 9,200 feet to 12,000 feet as shown on the log of the McAshan Gas Unit No. 2 be designated as the Bear Grass (Travis Peak) Field. This interval includes the entire Travis Peak formation and is composed of multiple lenticular accumulations of hydrocarbons. A two factor allocation formula is therefore appropriate for the field. XTO requests that allocation formula remain based on 95% acreage and 5% deliverability and that the allocation formula remain suspended as there remains a 100% demand for all gas produced from the field.

XTO requests that the spacing rule be amended to provide for a minimum of 467 feet from lease lines and 600 feet between wells. The Bear Grass (Cotton Valley Cons) and Bear Grass (Pettit) Fields currently have 467'/600' spacing. This will allow flexibility in re-completing wells on existing units and to commingle with wells in the Cotton Valley and Pettit formations. The commingling of wells will allow the recovery of additional reserves that would otherwise remain unrecovered.

**FINDINGS OF FACT**

1. Notice of this hearing was given to all persons entitled to notice at least ten days prior to the date of hearing.
2. The Bear Grass (Travis Peak) Field was discovered in 1980.
3. The field is a non-associated gas field. Rules governing the field provide for 467'-1,200' well spacing, 320/optional 40 acre density and 95% acreage and 5% deliverability allocation.
4. There are 75 active gas wells in the field.
5. Wells in the field have drainage areas which vary significantly. Development with optional 20 acre density is necessary to maximize recovery from the field.
  - a. The Gail King No. 3 has a calculated drainage area of 11.2 acres based on 522 MMCF ultimate recovery.
  - b. The Louise Cook "A" No. 1 has a calculated drainage area of 19.3 acres based on 912 MMCF ultimate recovery.
  - c. The Corby No. 1 has a calculated drainage area of 20.1 acres based on 530 MMCF ultimate recovery.
  - d. The Worthy "A" No. 1 has a calculated drainage area of 26.8 acres based on 521 MMCF ultimate recovery.
  - e. The Newell "A" No. 5 has a calculated drainage area of 42.1 acres based on 178 MMCF ultimate recovery.
  - f. The Walker No. 2 has a calculated drainage area of 74.7 acres based on 606 MMCF ultimate recovery.
  - g. The Holmes "S" No. 1 has a calculated drainage area of 96.7 acres based on 2.6 BCF ultimate recovery.
  - h. The Walker No. 1 has a calculated drainage area of 187.3 acres based on 4.8 BCF ultimate recovery.
  - i. The Varibus No. 4 has a calculated drainage area of 251.3 acres based on 3 BCF ultimate recovery.
6. The correlative interval from 9,200 feet to 12,000 feet as shown on the log of

the McAshan GU Well No. 2 includes the entire Travis Peak interval remains unchanged.

7. Spacing a minimum of 467 feet from lease lines and 600 feet between wells will allow the recovery of additional reserves through flexible well spacing and commingling with Cotton Valley and Pettit wells.
8. The Bear Grass (Travis Peak) Field is composed of multiple lenticular accumulations of hydrocarbons. A two factor allocation formula is therefore appropriate for the field. XTO requests that allocation based on 95% acreage and 5% deliverability remain unchanged and that the allocation formula remain suspended.

### **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. Amending the field rules for the Bear Grass (Travis Peak) Field is necessary to prevent waste and protect correlative rights.

### **RECOMMENDATION**

Based on the above findings and conclusions of law, the examiner recommends that the field rules for the Bear Grass (Travis Peak) Field be amended as requested by XTO Energy Inc.

Respectfully submitted,

Andres J. Trevino, P.E.  
Technical Examiner