

February 28, 2008

**OIL AND GAS DOCKET NO. 05-0254454**

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**THE APPLICATION OF XTO ENERGY, INC. TO AMEND THE FIELD RULES FOR THE BALD PRAIRIE (CV CONSOLIDATED) FIELD, LIMESTONE, FREESTONE, LEON AND ROBERTSON COUNTIES, TEXAS**

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

**Hearing Date:** December 17, 2007

**Appearances:**

Rick Johnston

**Representing:**

XTO Energy Inc.

**EXAMINER'S REPORT AND RECOMMENDATION**

**STATEMENT OF THE CASE**

Field rules for the Bald Prairie (CV Consolidated) Field were last amended by Order No. 5-0227155, effective February 22, 2001. The rules in effect for the field are summarized as follows:

1. Designation of the field as the correlative interval from 10,264 feet to 13,142 feet as shown on the log of the Wessley Energy, J.H. Mitchell I No. 2;
2. 467'-1,200' well spacing;
3. 640 acre gas units with a maximum diagonal of 13,500 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 10,264 feet to 13,142 feet as shown on the log of the Wessley Energy, J.H. Mitchell I No. 2 (No Change);
2. 467'-600' well spacing;
3. 640 acre gas units with a maximum diagonal of 13,500 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 Bald Prairie (CV Consolidated) Field be amended as requested.

### **DISCUSSION OF EVIDENCE**

The Bald Prairie (CV Consolidated) Field was created by the consolidation of seven Bald Prairie fields in 2001. The field is a non-associated gas field with 485 active wells. Current deliverabilities average 305 MCFD per well. Cumulative production from the field is 382.8 BCF of gas and 172,770 BC. The allocation formula has been suspended since 1995.

Field rules adopted in 2001 provided for 640/ optional 40 acre density and 467'/1,200' well spacing. 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 eight wells in the field to substantiate the requested rules. Using decline curve analysis and reservoir information taken from available well logs, assuming a 10% porosity, 30.2% water saturation and a 72.1% recovery factor, drainage area calculations showed the wells drained between 3.5 acres and 103.9 acres. The EUR for the eight wells ranged from 880 MMCF to 3.6 BCF.

The designated interval for this field will not be changed and remains from 10,264 feet to 13,142 feet as shown on the log of the Wessley Energy, J.H. Mitchell I No. 2 be designated as the Bald Prairie (CV Consolidated) Field. This interval includes the entire Cotton Valley Group (Bossier Sand, Lime and Cotton Valley Sand) 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. Numerous other Cotton Valley Consolidated fields with 20 acre optional units in the area currently have 467'/600' spacing. This will allow additional flexibility in locating new wells, thus 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 Bald Prairie (CV Consolidated) Field was created by consolidating seven Bald Prairie fields in 2001.
3. The field is a non-associated gas field. Rules governing the field provide for 467'-1,200' well spacing, 640/optional 40 acre density and 95% acreage and 5% deliverability allocation.
4. There are 485 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 Eubank No. 1 has a calculated drainage area of 3.5 acres based on 997 MMCF ultimate recovery.
  - b. The Mitchell Unit III No. 9 has a calculated drainage area of 7.9 acres based on 2,100 MMCF ultimate recovery.
  - c. The Lee Martin GU 1 No. 5 has a calculated drainage area of 5.9 acres based on 880 MMCF ultimate recovery.
  - d. The Carter GU 1 No. 4 has a calculated drainage area of 103.9 acres based on 3,652 MMCF ultimate recovery.
  - e. The Biggs No. 2 has a calculated drainage area of 7.0 acres based on 1,882 MMCF ultimate recovery.
  - f. The Duncan GU 1 No. 5 has a calculated drainage area of 11.4 acres based on 1,492 MMCF ultimate recovery.

- g. The Martin GU 1 No. 10 has a calculated drainage area of 8.1 acres based on 1,348 MCF ultimate recovery.
  - h. The Frier GU II No. 2 has a calculated drainage area of 7.4 acres based on 2,032 MCF ultimate recovery.
6. The correlative interval from 10,264 feet to 13,142 feet as shown on the log of the Wessley Energy, J.H. Mitchell I No. 2 includes the entire Cotton Valley Group 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 is similar spacing as other Cotton Valley Consolidated fields in the area.
  8. The Bald Prairie (CV Consolidated) 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 Bald Prairie (CV Consolidated) 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 Bald Prairie (CV Consolidated) Field be amended as requested by XTO Energy Inc.

Respectfully submitted,

Andres J. Trevino, P.E.  
Technical Examiner