

OIL AND GAS DOCKET NO. 05-0257882

**THE APPLICATION OF XTO ENERGY TO ADOPT FIELD RULES FOR THE FARRAR,
SE (PETTIT) FIELD, LIMESTONE, FREESTONE AND LEON COUNTIES, TEXAS**

Heard by: Donna K. Chandler on August 1, 2008

Appearances: **Representing:**

Rick Johnston

XTO Energy

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

XTO Energy requests that field rules be adopted for the Farrar, SE (Pettit) Field. The proposed rules are summarized as follows:

1. Designation of the field as the correlative interval from 8,370 feet to 8,682 feet as shown on the log of the Shorter Gas Unit 1 Well No. 2;
2. 467'-600' well spacing;
3. 40 acre/optional 20 acre density;
4. Allocation based on 95% deliverability and 5% per well, with AOF status.

This application was unprotested and the examiner recommends that the rules proposed by XTO Energy be adopted on a permanent basis for the Farrar, SE (Pettit) Field, with the exception of the allocation formula. The examiner recommends that allocation be based on 50% acreage and 50% deliverability. XTO had no objection to this recommendation.

DISCUSSION OF EVIDENCE

The Farrar, SE (Pettit) Field was discovered in 1987 and operates under Statewide Rules. The field is classified as non-associated and is AOF status. There are more than 100 wells listed on the current proration schedule. However, all but five wells are producing under Rule 10 authority with the Travis Peak.

XTO calculated drainage areas for 2 wells producing only from the Pettit. The Shorter Gas Unit 1 Well No. 2 was completed in 1993 and has produced 463 MMCF of gas. Estimated ultimate recovery for the well is 559 MMCF. Average properties for this well include 9.1% porosity and 21% water saturation, with 24.5 feet of pay. The calculated drainage area for the well is 54 acres.

The B. W. Thompson Gas Unit No. 1 Well No. 2A-C was completed in 1994 and produced 373 MMCF of gas prior to being plugged in 1999. This well has 10.5% average porosity and 16.8% average water saturation. Net pay in this well is 23 feet. The calculated drainage area is 25 acres.

Forest requests a spacing rule that requires a minimum of 467 feet from lease lines and 600 feet between wells. This proposed spacing will accommodate 20 acre optional development.

It is requested that the field be defined as the correlative interval from 8,370 feet to 8,682 feet as shown on the log of the Shorter Gas Unit 1 Well No. 2. Because the interval includes numerous lenticular sands, a two factor allocation formula is required by statute. Allocation based on 50% acreage and 50% deliverability will satisfy this requirement.

FINDINGS OF FACT

1. Notice of this hearing was given to all persons entitled to notice and no protests were received.
2. The Farrar, SE (Pettit) Field was discovered in 1987. The field is classified as non-associated and is AOF status.
3. There are over 100 gas wells carried in the field and the field operates under Statewide Rules. Most of the wells carried in the field have Rule 10 authority with the Travis Peak.
4. The Farrar, SE (Pettit) Field should be defined as the correlative interval from 8,370 feet to 8,682 feet as shown on the log of the Shorter Gas Unit 1 Well No. 2. This interval includes the entire Pettit section.
5. Adoption of a 40 acre/20 acre optional density rule for the field is appropriate.
 - a. The Shorter Gas Unit 1 Well No. 2 has produced 463 MMCF of gas and will ultimately recover 559 MMCF. The calculated drainage area for the well is 54 acres.
 - b. The B. W. Thompson Gas Unit No. 1 Well No. 2A-C has produced 373 MMCF of gas prior to being plugged in 1999. The calculated drainage area is 25 acres.

6. A spacing rule providing for a minimum of 467 feet from lease lines and 600 feet between wells will accommodate development on 20 acre density.
7. Allocation based on 50% acreage and 50% deliverability is a reasonable formula which will protect correlative rights and meet statutory requirements.

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. Adoption of the proposed field rules for the Farrar, SE (Pettit) Field is necessary to prevent waste, protect correlative rights and promote development of the field.

RECOMMENDATION

Based on the above findings and conclusions of law, the examiner recommends that the Commission adopt the field rules proposed by XTO Energy for the Farrar, SE (Pettit) Field.

Respectfully submitted,

Donna K. Chandler
Technical Examiner