

OIL AND GAS DOCKET NO. 06-0248417

**THE APPLICATION OF XTO ENERGY, INC. TO AMEND FIELD RULES FOR THE
CARTHAGE (TRAVIS PEAK) FIELD, PANOLA AND HARRISON COUNTIES, TEXAS**

Heard by: Donna K. Chandler on September 7, 2006

Appearances:

Rick Johnston

Representing:

XTO Energy, Inc.

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Field rules for the Carthage (Travis Peak) Field are summarized as follows:

1. 660'-1,000' well spacing;
2. 640 acre gas units and optional 160 acre units;
3. Allocation based on 5% acreage and 95% deliverability.

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

1. 467'-933' well spacing for oil and gas wells;
2. 640 acre gas units and optional 40 acre units;
3. No change.

This application was unopposed and the examiner recommends approval of the amendments to the field rules for the Carthage (Travis Peak) Field as requested by XTO Energy, Inc.

DISCUSSION OF THE EVIDENCE

The Carthage (Travis Peak) Field was discovered in 1943 and is an associated gas field with approximately 160 gas wells and 29 oil wells. Cumulative production from the gas

field is 388 BCF of gas and 681,000 BC. The oil field operates under Statewide Rules. The latest change to the gas field rules was in 1996 when the density rules was changed from 640/320 acres to 640/160 acres and the spacing rule was changed from 1,320'-2,640' to 660'-1,000'. Because there is no way to predict whether a well in the field will be an oil well or gas well, the same spacing rule should apply to oil and gas wells for drilling purposes.

XTO submitted drainage calculations for seven wells in the field which demonstrate the need to amend the density rule to include optional 40 acre units. For the seven wells studied, net pay ranges from 11 feet to 50 feet and estimated ultimate recoveries range from 247 MMCF to 729 MMCF. The calculated drainage areas range from 28 acres to 105 acres, with an average of 54 acres.

The proposed well spacing of 467'-933' and optional 40 acre density is common for Travis Peak fields in Panola and Harrison Counties. Further, the proposed spacing rule is consistent with the rules governing the Travis Peak (Cotton Valley) Field. Many wells are recompleted from the Cotton Valley to the Travis Peak and consistent spacing will allow such recompletions without Rule 37 exceptions.

FINDINGS OF FACT

1. Notice of this hearing was given to all persons entitled to notice and there were no protests.
2. The Carthage (Travis Peak) Field was discovered in 1943 and is an associated gas field with approximately 160 gas wells and 29 oil wells.
3. Field rules for the Carthage (Travis Peak) Field currently provide for 660'-1,000' well spacing, 640 acre gas units with optional 160 acre units, and allocation based on 5% acreage and 95% deliverability. The oil field operates under Statewide Rules.
4. There is no way to predict whether a well in the field will be an oil well or gas well.
5. Addition of a 40 acre optional density rule is necessary to adequately drain the reserves in the Carthage (Travis Peak) Field.
 - a. For seven wells studied, net pay ranges from 11 feet to 50 feet.
 - b. For the seven wells studied, estimated ultimate recoveries range from 247 MMCF to 729 MMCF.
 - c. The calculated drainage areas range from 28 acres to 105 acres, with an average of 54 acres.

6. Well spacing a minimum of 467 feet from lease lines and 933 feet between wells is standard for 40 acre density and is common for Travis Peak fields in Panola and Harrison Counties.

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. Amending the field rules for the Carthage (Travis Peak) Field is necessary to prevent waste, protect correlative rights, and promote orderly development of the field.

EXAMINER'S RECOMMENDATION

Based on the above findings and conclusions, the examiner recommends that the field rules for the Carthage (Travis Peak) Field be amended to provide for 467'-933' well spacing and optional 40 acre density.

Respectfully submitted,

Donna K. Chandler
Technical Hearings Examiner