

OIL AND GAS DOCKET NO. 06-0255549

THE APPLICATION OF XTO ENERGY INC. TO AMEND THE FIELD RULES FOR THE DECKER SWITCH (PETTIT) FIELD, HOUSTON, ANDERSON AND CHEROKEE COUNTIES, TEXAS

Heard by: Donna K. Chandler on March 7, 2008

Appearances:

Rick Johnston

Representing:

XTO Energy Inc.

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Field rules for the Decker Switch (Pettit) Field were adopted in Oil and Gas Docket No. 06-0258580, effective July 24, 2001. The rules are summarized as follows:

1. Designation of the field as the correlative interval from 9,882 feet to 10,216 feet as shown on the log of the Temple Industries Well No. 1;
2. 660'-1,320' well spacing;
3. 640 acre gas units with optional 160 acre units;
4. allocation based on 100% acreage.

XTO requests that the field rules be amended to provide for 467'-933' well spacing and optional 80 acre density. This application was unopposed and the examiner recommends that the field rules for the Decker Switch (Pettit) Field be amended as proposed by XTO.

DISCUSSION OF EVIDENCE

The Decker Switch (Pettit) Field was discovered in 1973 at a depth of approximately 10,000 feet. The field is a non-associated gas field with 2 operators and 40 wells carried on the proration schedule. Cumulative production from the field is 31 BCF of gas. The allocation formula is currently suspended.

In 1977, the Commission adopted field rules for the field which provided for 640 acre density. In 2001, the rules were amended to provide for optional 160 acre density. Since 2002, the number of wells has increased from less than 10 and production has increased from less than 30 MMCF per month to about 600 MMCF per month.

XTO has developed its acreage to 160 acres, for the most part, and believes that additional wells are necessary. XTO presented drainage calculations for four wells in the field. Net pay in these wells varies from 7 feet to 23 feet and estimated ultimate recoveries vary from 369 MMCF to 1,533 MMCF. The Mariam-Miles No. 1 will drain 72 acres and the Percilla GU 1 No. 1 will drain 78 acres. Calculated drainage areas for the other two wells are 200-300 acres.

XTO is requesting well spacing normally associated with 40 acre density. However, the requested rules are consistent with rules governing the Decker Switch (Travis Peak) Field. Similar rules will provide opportunities for Rule 10 exceptions between the two fields, several of which have already been approved.

FINDINGS OF FACT

1. Notice of this hearing was given to all persons entitled to notice and no protests were received.
2. The Decker Switch (Pettit) Field was discovered in 1973 at a depth of approximately 10,000 feet. The field is a non-associated gas field with 2 operators and 40 wells on the current proration schedule.
3. Rules currently in effect for the field provide for a designated interval, 660'-1,320' well spacing, 640/optional 160 acre density, and 100% acreage allocation.
4. Cumulative production from the field is about 31 BCF of gas. Current production from the field is about 600 MMCF per month.
5. An optional 80 acre density rule is appropriate for the field.
 - a. The Mariam-Miles No. 1 is expected to ultimately recover 369 MMCF of gas and has a calculated drainage area of 72 acres.
 - b. The Percilla GU No. 1 is expected to ultimately recover 1,197 MMCF of gas and has a calculated drainage area of 78 acres.
6. The requested 467'-933' well spacing rule is consistent with the spacing rule for the Decker Switch (Travis Peak) Field, with which wells in the Pettit have been commingled.

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 Decker Switch (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 amend the field rules for the Decker Switch (Pettit) Field as proposed by XTO Energy Inc.

Respectfully submitted,

Donna K. Chandler
Technical Examiner