

OIL AND GAS DOCKET NO. 08-0266770

THE APPLICATION OF XTO ENERGY, INC. TO AMEND FIELD RULE NO. 3 FOR THE UNIVERSITY BLOCK 9 (DEVONIAN) FIELD, ANDREWS COUNTY, TEXAS

HEARD BY: Richard D. Atkins, P.E. - Technical Examiner

HEARING DATE: August 19, 2010

APPEARANCES:

REPRESENTING:

APPLICANT:

David Gross
Wayne R. Gibson

XTO Energy, Inc.

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Field Rules for the University Block 9 (Devonian) Field were adopted in Final Order No. 8-31,288, effective April 11, 1955, as amended. The Field Rules are summarized as follows:

1. Designation of the field as the entire correlative interval from 10,224' to 11,770' as shown on the log of the Exxon Company, U.S.A. - St. University CF Lease, Well No. 1;
2. 100'-0' well spacing;
3. 40 acre oil units with optional 10 acre density;
4. Allocation based on 75% acreage and 25% per well with a 520 BOPD top oil allowable.

XTO Energy, Inc. ("XTO") requests that Field Rule No. 3 be amended to eliminate the requirement for the filing of individual well proration unit plats.

The application was unopposed and the examiner recommends that Field Rule No. 3 for the University Block 9 (Devonian) Field be amended, as proposed by XTO.

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DISCUSSION OF EVIDENCE

The University Block 9 (Devonian) Field was discovered in July 1954 at a depth of 10,450 feet. Special Field Rules were adopted pursuant to Order No. 8-31,288, effective April 11, 1955, as amended. The top allowable for a well in the subject field is 520 BOPD. XTO is the only operator in the field with 60 producing wells carried on the proration schedule. The field is contained within a 4,820 acre pooled unit. Cumulative production for the field through July 2010 is 37.0 MMBO and 17.7 BCFG.

XTO is currently developing the University Block 9 (Devonian) Field by drilling multiple horizontal drainholes from the existing vertical wells. The horizontal drainholes are targeting Upper or Lower Devonian productive intervals that have approximately 100 feet of vertical separation. The vertical wells are treated as a single well for proration purposes. On a plat, the horizontal drainholes from different wells intersect and cross, but are not in communication due to the vertical separation. The overlap is causing the drawing of proration unit plats to be impractical, as the Field Rules do not allow for the double assignment of acreage. As a result, XTO is requesting that the filing of individual well proration unit plats not be required.

XTO calculated an original oil in place for the field of 105 MMBO and a current field recovery factor of 35% of the original oil in place. XTO believes, that by drilling additional horizontal laterals, the field will produce 2 MMBO during 2010 and the field ultimate recovery will be increased by approximately 9 MMBO. This will result in a recovery factor for the field of almost 45% of the original oil in place.

FINDINGS OF FACT

1. Notice of this hearing was given to all persons entitled to notice and no protests were received.
2. The University Block 9 (Devonian) Field was discovered in July 1954 at a depth of 10,450 feet.
 - a. The field is contained within a 4,820 acre pooled unit.
 - b. Special Field Rules were adopted pursuant to Order No. 8-31,288, effective April 11, 1955, as amended.
 - c. The top allowable for a well in the subject field is 520 BOPD.
 - d. XTO is the only operator in the field with 60 producing wells carried on the proration schedule.

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3. XTO is currently developing the University Block 9 (Devonian) Field by drilling multiple horizontal drainholes from the existing vertical wells.
 - a. The horizontal drainholes are targeting Upper or Lower Devonian productive intervals that have approximately 100 feet of vertical separation.
 - b. The vertical wells are treated as a single well for proration purposes.
 - c. On a plat, the horizontal drainholes from different wells intersect and cross, but are not in communication due to the vertical separation.
 - d. The overlap is causing the drawing of proration unit plats to be impractical, as the Field Rules do not allow for the double assignment of acreage.
4. Elimination of the requirement to file individual well proration unit plats will reduce unnecessary paperwork.

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 Field Rule No. 3 for the University Block 9 (Devonian) Field is necessary to prevent waste, protect correlative rights and promote development of the field.

RECOMMENDATION

Based on the above findings of fact and conclusions of law, the examiner recommends that the Commission amend Field Rule No. 3 for the University Block 9 (Devonian) Field, as proposed by XTO Energy, Inc.

Respectfully submitted,

Richard D. Atkins, P.E.
Technical Examiner