

October 16, 2007

**OIL AND GAS DOCKET NO. 8A-0253370**

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**APPLICATION OF XTO ENERGY INC. TO AMEND THE FIELD RULES FOR THE RUSSELL, NORTH (DEVONIAN) FIELD, GAINES COUNTY, TEXAS**

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**HEARD BY:** Thomas H. Richter, P.E.

**DATE OF HEARING:** October 11, 2007

**APPEARANCES:**

David Gross, attorney  
Greg Cloud

**REPRESENTING:**

XTO Energy Inc.

**EXAMINER'S REPORT AND RECOMMENDATION**  
**STATEMENT OF THE CASE**

This is the unprotested application of XTO Energy Inc. to amend the field rules as adopted in Order No. 8-22,139, effective October 29, 1951, as amended, for the Russell, North (Devonian) Field that currently provide for the following:

1. Minimum well spacing of 660'/1320' (lease line/between well);
2. Surface casing and testing rule;
3. 40 acre proration units with 20 acre tolerance and a maximum diagonal of 2,100';
4. An allocation formula based on 75% acreage and 25% per well;
5. A GOR of 1000:1;
6. Semi-annual GOR testing schedule.

An MER of 275 BOPD per well was set by Commission Memo Dated May 4, 1960.

XTO Energy proposes the following:

Rescinding existing Special Field Rules No. 2, 5 and 6 and renumbering and adopting the following:

1. The entire correlative interval from 11,114' to 12,088' as shown on the Dual-Spaced Neutron Spectral Density log of the XTO Energy Inc., H & J Sec 439D Lease Well No. 2, (API No. 42-165-01618), Section 493 Blk G, CCSD & RGNG RR Co. Survey, Gaines County, Texas, should be designated as the Russell, North (Devonian) Field.

2. Minimum well spacing of 330'/0' (lease line/between well);
3. 40 acre proration units with 20 acre tolerance and a maximum diagonal of 2,100' and optional 20 acre density and a maximum diagonal of 2,100';
4. No Change in the allocation formula.

The examiner recommends approval of the proposed amended field rules.

### **DISCUSSION OF THE EVIDENCE**

The Russell, North (Devonian) Field was discovered in 1948 at 11,125' subsurface depth. Special Field Rules were adopted pursuant to Order No.8-22,139, effective October 29, 1951, as amended. There are currently four operators in the field and over 30 wells.

It is proposed that the entire correlative interval from 11,114' to 12,088' as shown on the Dual-Spaced Neutron Spectral Density log of the XTO Energy Inc., H & J Sec 439D Lease Well No. 2, (API No. 42-165-01618), Section 493 Blk G, CCSD & RGNG RR Co. Survey, Gaines County, Texas, should be designated as the Russell, North (Devonian) Field. The field is the result of a northwest-southeast anti-cline structure.

Proration unit density of 40 acres and optional 20 acres is necessary for the efficient and effective depletion of the reservoir. Cumulative production is 81.9 MMBO and 8.2 BCF of casinghead gas. The reservoir energy is supplied by a highly efficient and effective water drive. Over 130 wells have produced from the field and most are now plugged. Recently, in-fill vertical wells and short lateral horizontal wells have been completed with exceedingly surprising results. Five of the vertical wells have obtained initial production rates ranging from 55 to 280 BOPD. The short horizontal lateral wells have obtained initial production rates ranging from 10 to 380 BOPD. Volumetric analysis calculated recoverable oil-in-place to be 149 STBO/AcFt. Calculated drainage areas were made for every well in the field and the average drainage area was 23.2 acres/well. Over half the wells are or have drained less than 20 acres.

The proposed minimum well spacing of 330'/0' (lease line/between well) is necessary for the effective location placement of in-fill wells for the effective drainage of the reservoir. Many of the wellbores/laterals were less than 200' to an existing wellbore.

The existing allocation formula will provide for the protection of correlative rights. The rescinding of existing Special Field Rules No. 2, 5 and 6 is appropriate as current Statewide Rules are now in effect and address the reasons that the special field rules were adopted

### **FINDINGS OF FACT**

1. Notice of this hearing was sent to all operators in the subject field at least ten (10) days prior to the subject hearing.
2. There was no protest at the call of the hearing.
3. The Russell, North (Devonian) Field was discovered in 1948 at 11,125' subsurface depth. Special Field Rules were adopted pursuant to Order No.8-22,139, effective October 29, 1951, as amended.
4. The entire correlative interval from 11,114' to 12,088' as shown on the Dual-Spaced Neutron Spectral Density log of the XTO Energy Inc., H & J Sec 439D Lease Well No. 2, (API No. 42-165-01618), Section 493 Blk G, CCSD & RGNG RR Co. Survey, Gaines County, Texas, should be designated as the Russell, North (Devonian) Field.
5. Proration unit density of 40 acres and optional 20 acres is necessary for the efficient and effective depletion of the reservoir.
  - a. Cumulative production is 81.9 MMBO and 8.2 BCF of casinghead gas.
  - b. Recently, in-fill vertical wells and short lateral horizontal wells have been completed with exceedingly surprising results. Five of the vertical wells have obtained initial production rates ranging from 55 to 280 BOPD. The short horizontal lateral wells have obtained initial production rates ranging from 10 to 380 BOPD.
  - c. Calculated drainage areas were made for every well in the field and the average drainage area was 23.2 acres/well.
  - d. Over half the wells are or have drained less than 20 acres.
6. The proposed minimum well spacing of 330'/0' (lease line/between well) is necessary for the effective location placement of in-fill wells for the effective drainage of the reservoir. Many of the wellbores/laterals were less than 200' to an existing wellbore.
7. The existing allocation formula will provide for the protection of correlative rights.
8. The rescinding of existing Special Field Rules No. 2, 5 and 6 is appropriate as current Statewide Rules are now in effect and address the reasons that the special field rules were adopted

**CONCLUSIONS OF LAW**

1. Proper notice was given to all parties as set out in the provisions of all applicable codes and regulatory statutes.
2. All things have occurred and been accomplished to give the Commission jurisdiction in this matter.
3. Consideration of field rules, a determination of their effectiveness and appropriate actions are a matter within the Commission jurisdiction.
4. Adoption of the proposed amended field rules will prevent waste, foster conservation and protect correlative rights.

**EXAMINER'S RECOMMENDATION**

Based on the above findings and conclusions of law, the examiner recommends approval of the proposed amended field rules for the Russell, North (Devonian) Field.

Respectfully submitted,

Thomas H. Richter, P.E.  
Technical Examiner  
Office of General Counsel