



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL & GAS DOCKET NO. 08-0306760

THE APPLICATION OF CHEVRON U.S.A. INC. AND XTO ENERGY INC. TO SUSPEND THE ALLOCATION FORMULA AND/OR BALANCE THE GOMEZ (ELLENBURGER) FIELD, PECOS COUNTY, TEXAS

HEARD BY: Peggy Laird, P.G. – Technical Examiner
Kristi M. Reeve – Administrative Law Judge

HEARING DATE: January 11, 2018

CONFERENCE DATE: March 20, 2018

APPEARANCES:

APPLICANT:

David Gross
Patricia Donald
Tiffani Reyes

Brian Sullivan

REPRESENTING:

XTO Energy Inc.

Chevron U.S.A. Inc.

EXAMINERS' REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Pursuant to Statewide Rule 31(j) [16 Tex. Admin. Code § 3.31(j)], Chevron U.S.A. Inc. ("Chevron") and XTO Energy Inc. ("XTO") request the allocation formula for the Gomez (Ellenburger) Field be suspended, or alternatively balance the field production. The application was not protested at the call of the hearing. Chevron and XTO have jointly filed the request. Since filing the application, Mr. Sullivan stated that Chevron's well has become balanced and Chevron was no longer in need of the request. However, Chevron fully supports suspending the allocation. XTO presented the evidence on the merits of the case. Based on that evidence, the Technical Examiner and Administrative Law Judge (collectively, "Examiners") conclude that the market demand for gas produced from all wells in the Gomez (Ellenburger) Field exceeds 100 percent of deliverability. Therefore, suspending the allocation formula is appropriate as it will prevent waste and protect correlative rights. The Examiners recommend the application be granted and the allocation formula suspended.

FINDINGS OF FACT

1. Notice of this hearing was given to all parties entitled to notice at least ten days prior to the date of the hearing.

2. No persons appeared in protest at the call of the hearing.
3. XTO filed Commission Form AOF-1 requesting that the allocation formula for the Gomez (Ellenburger) Field be suspended.
 - a. XTO sent Commission Form AOF-2 to all 15 operators of wells in the Gomez (Ellenburger) Field.
 - b. Eight of the 15 operators of gas wells in the field certified that there is market demand for 100 percent of the production capacity of the active gas wells in the field by signing and returning Form AOF-2 to XTO.
 - c. Because some of the operators in the field did not return Form AOF-2, Commission staff could not administratively approve the application.
 - d. Pursuant to the requirements of Statewide Rule 31(j), XTO and Chevron requested a hearing to suspend the allocation formula.
4. XTO's representative testified that the market demand for gas production from all wells in the Gomez (Ellenburger) Field exceeds 100 percent of deliverability.
5. At the hearing, the applicant agreed on the record that a Final Order in this case is to be effective when the Master Order is signed.

CONCLUSIONS OF LAW

1. Resolution of the subject application is a matter committed to the jurisdiction of the Railroad Commission of Texas. Tex. Nat. Res. Code § 81.051.
2. All notice requirements have been satisfied. 16 Tex. Admin. Code § 3.31(j).
3. Approval of the application will prevent waste and protect correlative rights.
4. Pursuant to § 2001.144(a)(4)(A), of the Texas Government Code, and the agreement of the applicant, this Final Order is effective when a Master Order relating to this Final Order is signed on March 20, 2018.

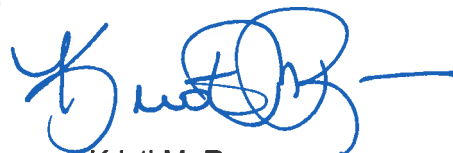
EXAMINERS' RECOMMENDATION

The Examiners recommend the application of Chevron and XTO to suspend the allocation formula for the Gomez (Ellenburger) Field be approved.

Respectfully submitted,



Peggy Laird, P.G.
Technical Examiner



Kristi M. Reeve
Administrative Law Judge