



# RAILROAD COMMISSION OF TEXAS

## HEARINGS DIVISION

**OIL AND GAS DOCKET NO. 03-0308158**

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**APPLICATION OF XTO ENERGY INC. FOR A NET GAS-OIL RATIO, AND CANCELLATION OF ALL OVERPRODUCTION FOR THE SHERIDAN (YEGUA) FIELD, COLORADO COUNTY, TEXAS**

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**HEARD BY:** Robert Musick, P.G. – Technical Examiner  
Jennifer N. Cook – Administrative Law Judge

**HEARING DATE:** February 27, 2018

**CONFERENCE DATE:** May 22, 2018

**APPEARANCES:**

**Applicant**

Rick Johnston, P.E.

**REPRESENTING:**

XTO Energy Incorporated

**EXAMINERS' REPORT AND RECOMMENDATION**

**STATEMENT OF THE CASE**

XTO Energy Incorporated ("XTO"), Operator No 945936, is seeking to produce oil and gas under a net gas-oil ratio ("Net GOR") authority with a daily gas limit of 500 thousand cubic feet per day ("MCFPD") for the Sheridan (Yegua) Field ("Field"), Colorado County, Texas. XTO is also requesting that accumulated overproduction for the Isam Briscoe (No. 26728) Lease be canceled.

Notice was given to all operators in the Field. The application was not protested. The technical examiner and the administrative law judge (collectively "Examiners") recommend that the application be granted as requested.

**DISCUSSION OF THE EVIDENCE**

The Sheridan (Yegua) Field (No. 83107825) was discovered on July 13, 1950. The discovery well from the Field is the Plow Realty Well No. 18 (API 08900557), (Permit No. 00557) completed in July 1950 into a sand unit from 5,160 to 5,168 feet. The approximately 8-foot thick sand is referred to as the Sheridan Yegua Sand. The Well produced about 126 barrels of oil per day ("BOPD") with an API gravity of 43.5 degrees and a well GOR of 552:1. The Well was plugged on January 17, 1981. All other production in the Field is from the Wilcox Sands at a depth of about 8,000 feet. Testimony indicates the cumulative production is 968 thousand barrels of oil (MBO) and 2.2 billion cubic feet (BCF) of gas.

The Oil Proration Schedule indicates a Net GOR of 2,000 standard cubic feet ("SCF") of casinghead gas per barrel of oil, or 2,000:1 SCF/Barrel, is established for the Field with a Maximum Efficiency Rate ("MER") of 120 BOPD and the current daily casinghead gas limit is 240 MCFPD.

The Oil Proration Schedule indicates the Field has two operators with two active oil wells. The Isam Briscoe Lease operated by XTO has one active oil well identified as Well No. 1 (No. 30312) and the Plow Realty Lease operated by Acock/Anaqua has Well No. 9 (No. 32563). Both oil wells produce from the Yegua Sand at about 5,100 to 5,300 feet deep. In addition, the Gas Proration Schedule indicate XTO also operates one active gas well in the Field located about two miles northeast of Oil Well No. 1.

Well No. 1, was completed in the Field on May 28, 2014, and produces from perforations at a depth of 5,072 to 5,078 feet. A Form W-2 test dated May 30, 2014, shows the initial production rates are 344 BOPD, 132 MCFPD of casinghead gas, and a well GOR of 383:1. On October 31, 2017, a letter from the Commission was sent to XTO regarding the intent to cancel P-4 for the Isam Briscoe Lease because of cumulative overage of 8,304 thousand cubic feet ("MCF") of casinghead gas as of October 2017.

In response to the production overage, XTO is seeking an increase in the Net GOR with a daily gas limit of 500 MCFPD, and cancellation of overproduction for the Isam Briscoe Lease. A Notice of Hearing was issued by the Commission on January 19, 2018, to all operators in the Field, at least ten days prior to the date of the hearing. No protest was received from the Notice of Hearing. The hearing was held on February 27, 2018.

Well No. 1 production logs and graphs submitted as evidence at the hearing indicate the 2017 daily average oil production is about 10 BOPD and 250 MCFPD of casinghead gas. From 2015 to the end of 2017, oil production steadily decreased over time from about 100 BOPD in January 2015 to about 8 BOPD in January 2018. During the same period from 2015 to 2018, casinghead gas increased from 166 MCFPD to 218 MCFPD. The well GOR trended-upward with an initial well GOR of 100:1 in January 2015 to a well GOR of 375:1 in January 2018, indicating the oil is being depleted and gas is the primary recoverable hydrocarbon for this well. XTO demonstrated that a Net GOR with a daily gas limit of 500 MCFPD is warranted based on production logs and graphs of recoverable hydrocarbon trends from 2015 to 2018. XTO testified that producing Well No. 1 on the Isam Briscoe Lease in this Field at the requested Net GOR is necessary to effectively recover the remaining oil reserves available to the well.

The Examiners recommend approval of the requested Net GOR authority with a daily gas limit of 500 MCFPD and cancellation of over-production for Well No. 1 on the Isam Briscoe Lease in the Sheridan (Yegua) Field, Colorado County, Texas.

### **FINDINGS OF FACT**

1. Notice of this hearing was provided to all parties entitled to notice at least ten (10) days prior to the date of the hearing and no protests were received.
2. The Sheridan (Yegua) Field (No. 83107825) was discovered on July 13, 1950. The discovery well in the Field is the Plow Realty Well No. 18 (API 08900557), (Permit No.

00557) completed in July 1950 into a sand unit from 5,160 to 5,168 feet. The approximately 8-foot thick sand is referred to as the Sheridan Yegua Sand.

3. The Oil Proration Schedule indicates the Field has two operators with two active oil wells. The Isam Briscoe (No. 26728) Lease operated by XTO has one active oil well identified as Well No. 1 (No. 30312) and the Plow Realty Lease operated by Acock/Anaqua has Well No. 9 (No. 32563). Both active oil wells produce from the Yegua Sand at about 5,100 to 5,300 feet deep.
4. The Proration Schedule indicates the top allowable for the Field is 120 BOPD and the current daily casinghead gas limit is 240 MCFPD.
5. Well No. 1, on the Isam Briscoe Lease, was completed in the Field on May 28, 2014, and produces from perforations at a depth of 5,072 to 5,078 feet. A Form W-2 test dated May 30, 2014, shows the initial production rates are 344 BOPD, 132 MCFPD of casinghead gas, and a well GOR of 383:1.
6. On October 31, 2017, a letter from the Commission was sent to XTO regarding the intent to cancel P-4 for the Isam Briscoe Lease, because of cumulative overage of 8,304 MCF of casinghead gas as of October 2017.
7. On November 27, 2017, XTO requested a hearing to seek an increase in the Net GOR with a daily gas limit of 500 MCFPD, and cancellation of overproduction for the Isam Briscoe Lease.
8. A Notice of Hearing was issued by the Commission on January 19, 2018, to all operators in the Field, at least ten days prior to the date of the hearing. No protest was received from the Notice of Hearing. The hearing was held on February 27, 2018.
9. Production logs and graphs submitted as evidence at the hearing indicate the 2017 daily average oil production is about 10 BOPD and 250 MCFPD of casinghead gas. From 2015 to the end of 2017, oil steadily decreased over time and casinghead gas steadily increased during the same period (from 2015 to 2017). The well GOR trended-upward to 375 MCFPD in January 2018, indicating the oil is being depleted and gas is the primary hydrocarbon being recovered from Well No. 1 on the Isam Briscoe Lease.
10. XTO testified that continued production of Well No. 1 on the Isam Briscoe Lease at the requested Net GOR is necessary to effectively recover the remaining oil reserves available to the Well.
11. Cancellation of the overproduction for the Isam Briscoe Lease is proper to prevent having to shut-in Well No. 1 and potentially harm the reservoir.
12. At the hearing, the applicant agreed on the record that the 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 §§ 1.42.
3. 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 the Final Order signed at Conference.

**RECOMMENDATION**

Based on the above findings of facts and conclusions of law, the Examiners recommend that the Commission enter an order granting the application XTO Energy Incorporated for an increase in the Net GOR authority to produce oil wells in the Sheridan (Yegua) Field at a daily gas limit of 500 MCFPD and that all accumulated overproduction for the Isam Briscoe (No. 26728) Lease be canceled as of the effective date of the Final Order in this matter.



Robert Musick, P.G.  
Technical Hearings Examiner

Respectfully submitted,



Jennifer N. Cook  
Administrative Law Judge