



RAILROAD COMMISSION OF TEXAS

OFFICE OF GENERAL COUNSEL

OIL AND GAS DOCKET NO. 06-0255891

THE APPLICATION OF XTO ENERGY, INC. TO CONSIDER PERMANENT GAS WELL CLASSIFICATION FOR THE MAXWELL LEASE WELL NO. 1, CARTHAGE (COTTON VALLEY) FIELD, PANOLA COUNTY, TEXAS

Heard by: Richard D. Atkins, P.E. - Technical Examiner

Hearing Date: April 7, 2008

Appearances:

Representing:

Rick Johnston

XTO Energy, Inc.

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

XTO Energy, Inc. requests that its Maxwell Lease Well No. 1 in the Carthage (Cotton Valley) Field be permanently classified as a gas well and that all overproduction be canceled. The application was unopposed and the examiner recommends approval.

DISCUSSION OF EVIDENCE

The XTO Energy, Inc., Maxwell Lease Well No. 1 was completed in December 2007 in the Carthage (Cotton Valley) Field with perforations between 9,160 feet and 10,244 feet. On initial test, the well produced at a maximum rate of 1,205 MCFGPD with a gas-liquid ratio of 12,423 cubic feet per barrel. There are 2,841 gas wells and three oil wells currently carried on the proration schedule for this associated gas field.

The data submitted on Form G-5 for the well did not meet Commission criteria for administrative classification as a gas well because the gravity of the liquid was 42.5 degrees API, with a producing gas-liquid ratio of 12,423 cubic feet per barrel. Commission guidelines require the API gravity of the liquid hydrocarbons to be at least 50 degrees API for administrative classification as a gas well, if the gas-liquid hydrocarbon ratio is less than 100,00 cubic feet per barrel.

XTO submitted a compositional analysis for this well indicating that the mole percent heptanes plus was 4.88%. However, the Commission declined to administratively classify

the well as a gas well. XTO then filed this hearing application.

A compositional analysis was performed on a sample taken from the separator on December 11, 2007. The sample was taken at a temperature of 120°F and pressure of 720 psig. The combined well stream contained 4.88 mole% heptanes plus and 79.30 mole% methane. Typical retrograde gases contain less than 12.5 mole% heptanes plus and at least 70 mole% methane according to published literature.

There is no evidence that an oil column exists in the Cotton Valley. XTO believes that there is likely some free oil production in small amounts from some individual stringers within the gross Cotton Valley interval, skewing the G-5 results. A log of the subject well indicates gas effect in all of the perforated intervals.

The well has never been assigned an allowable and has been producing since it was completed. XTO requests that all overproduction be cancelled.

FINDINGS OF FACT

1. Notice of this hearing was given to all affected persons at least ten days prior to the date of hearing. No protests were received.
2. The XTO Energy, Inc., Maxwell Lease Well No. 1 was completed in December 2007 in the Carthage (Cotton Valley) Field, with perforations between 9,160 feet and 10,244 feet.
3. There are 2,841 gas wells and three oil wells currently carried on the proration schedule for this associated gas field.
4. On initial test, the well produced at a maximum rate of 1,205 MCFGPD with a gas-liquid ratio of 12,423 cubic feet per barrel.
5. The data submitted on Form G-5 for the well did not meet Commission criteria for administrative classification as a gas well because the gravity of the liquid was 42.5 degrees API, with a producing gas-liquid ratio of 12,423 cubic feet per barrel.
6. XTO submitted a compositional analysis that showed the combined well stream contained 4.88 mole% heptanes plus and 79.30 mole% methane.
7. There are likely some thin, individual stringers within the gross Cotton Valley interval which produce free oil, resulting in unreliable G-5 data.
8. The log of the subject well indicates gas effect in all of the perforated intervals.

9. The well has never been assigned an allowable and has been producing ever since it was completed.

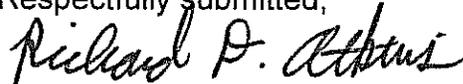
CONCLUSIONS OF LAW

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. The XTO Energy, Inc., Maxwell Lease Well No. 1 (API # 42-365-36769) in the Carthage (Cotton Valley) Field, Panola County, Texas is a gas well based on a compositional analysis that showed the combined well stream contained 4.88 mole% heptanes plus and 79.30 mole% methane.
4. Cancellation of overproduction for the subject well will not harm correlative rights or cause waste.

RECOMMENDATION

Based on the above findings and conclusions of law, the examiner recommends that the XTO Energy, Inc., Maxwell Lease Well No. 1 (API # 42-365-36769) in the Carthage (Cotton Valley) Field, be permanently classified as a gas well and that all overproduction for the well be canceled.

Respectfully submitted,



Richard D. Atkins, P.E.
Technical Examiner