

February 26, 2007

**OIL AND GAS DOCKET NO. 06-0250225**

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**APPLICATION OF XTO ENERGY TO CONSIDER NEW FIELD DESIGNATION AND FIELD RULES FOR THE PROPOSED DECKER SWITCH (TRAVIS PEAK) FIELD, HOUSTON COUNTY, TEXAS**

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

**DATE OF HEARING:** February 23, 2007

**APPEARANCES:**

**REPRESENTING:**

Rick Johnston  
Bill G. Spencer

XTO Energy  
Chesapeake Operating, Inc.

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

This is the unprotested application of XTO Energy for a new field designation and field rules for the proposed Decker Switch (Travis Peak) Field which provide for:

1. The entire combined correlative interval from 10,980' to 13,870' as shown on the Type log of the Amerada Hess, Temple Eastex Lease Well No. 1 (API No. 42-225-304794), Pedro E. Bean Survey, A-6, Houston County, Texas should be designated as the Decker Switch (Travis Peak) Field.
2. A two-factor allocation formula based on 95% deliverability and 5% per well. Is requested that the allocation formula be suspended.

It is also requested that any over production be canceled. Further, it is requested that the recently completed Chesapeake Operating, Palmer Well No. 1 be transferred to the subject field. The examiner recommends approval of the application.

**DISCUSSION OF THE EVIDENCE**

The proposed Decker Switch (Travis Peak) Field was discovered on November 19, 2006, by completion of the XTO Energy, T.I.N. Lease Well No. 1 through select perforations from 11,032' to 12,511' subsurface depth. The well potentialized at 1,242 MCFD and produces only dry gas. The calculated bottomhole pressure was 4,216 psig.

The proposed Decker Switch (Travis Peak) Field is a new field designation as there are no other wells within 2.5 miles that are productive in the Travis Peak Formation. The closest Travis Peak field is the Southern Pine (Travis Peak) Field approximately 4.7 miles north. The entire combined correlative interval from 10,980' to 13,870' as shown on the Type log of the Amerada

Hess, Temple Eastex Lease Well No. 1 (API No. 42-225-304794), Pedro E. Bean Survey, A-6, Houston County, Texas should be designated as the Decker Switch (Travis Peak) Field. This well was completed in 1984 and was logged through the entire Travis Peak Formation section. The XTO Energy, T.I.N. well encountered mechanical problems and was unable to drill through the entire Travis Peak Section.

Because the proposed new field is combining multiple productive zones, a two-factor allocation formula is necessary for the protection of correlative rights pursuant to State Statutes. The proposed two-factor allocation formula based on 95% deliverability and 5% per well satisfies this requirement. Suspension of the allocation formula is warranted as there is a market for 100% of the gas produced from the subject field. Cancellation of overproduction will not harm correlative rights.

It proposed that the Chesapeake Operating, Palmer Well No. 1 (API No. 42-225-31077) be transferred from the Southern Pine (Travis Peak) Field to the proposed Decker Switch (Travis Peak) Field. This well was completed on October 22, 2006 through perforations from 12,789' to 13,165' subsurface depth. The well is located  $\pm$  2 miles north of the subject discovery well. The Palmer well was placed in the Southern Pine field as this was the closest Travis Peak Field of convenience. It is requested that well be transferred without the need of filing a new W-1 and fees. XTO Energy was unaware at the time this application was made of the Chesapeake well as completion forms had not been filed. Prior to the hearing contact was made between the two operators and it was agreed that the Chesapeake well should be placed in the proposed Decker Switch (Travis Peak) Field.

#### **FINDINGS OF FACT**

1. Notice of this hearing was sent to all affected persons in the subject area field at least ten (10) days prior to the subject hearing.
2. There was no protest at the call of the hearing.
3. The proposed Decker Switch (Travis Peak) Field was discovered on November 19, 2006, by completion of the XTO Energy, T.I.N. Lease Well No. 1 through select perforations from 11,032' to 12,511' subsurface depth.
4. The proposed Decker Switch (Travis Peak) Field is a new field designation as there are no other wells within 2.5 miles that are productive in the Travis Peak Formation.
5. The entire combined correlative interval from 10,980' to 13,870' as shown on the Type log of the Amerada Hess, Temple Eastex Lease Well No. 1 (API No. 42-225-304794), Pedro E. Bean Survey, A-6, Houston County, Texas should be designated as the Decker Switch (Travis Peak) Field.
6. Because the proposed new field is combining multiple productive zones, a two-factor allocation formula is necessary for the protection of correlative rights pursuant to State

Statutes.

- a. The proposed two-factor allocation formula based on 95% deliverability and 5% per well satisfies this requirement.
7. The Chesapeake Operating, Palmer Well No. 1(API No. 42-225-31077) should be transferred from the Southern Pine (Travis Peak) Field to the proposed Decker Switch (Travis Peak) Field.
    - a. The well was completed on October 22, 2006 through perforations from 12,789' to 13,165' subsurface depth and is located  $\pm$  2miles north of the subject discovery well.
    - b. The Palmer well was placed in the Southern Pine field as this was the closest Travis Peak Field of convenience.
    - c. The well should be transferred without the need of filing a new W-1 and fees as it was unknown at the time of completion that the interval represented a new reservoir.
  8. Cancellation of overproduction will not harm correlative rights.

#### **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. Adoption of the proposed new field designation and field rules will prevent waste, foster conservation and protect correlative rights.
4. Transfer of the Chesapeake Operating, Palmer Well No. 1 is required as well producing from a common source of supply should be prorated as such.
5. Suspension of the allocation formula is warranted as there is a market for 100% of the gas produced from the subject field.

#### **EXAMINER'S RECOMMENDATION**

Based on the above findings and conclusions of law, the examiner recommends approval of the proposed new field designation and field rules for the Decker Switch (Travis Peak) Field. It is further recommended that any overproduction be cancelled and the allocation formula be suspended. The Chesapeake Operating, Palmer Well No. 1(API No. 42-225-31077) should be transferred from the Southern Pine (Travis Peak) Field to the proposed Decker Switch (Travis Peak) Field.

Respectfully submitted,

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