

THE APPLICATION OF XTO ENERGY TO CONSOLIDATE THE OWENSVILLE (COTTON VALLEY, UP) FIELD INTO THE BALD PRAIRIE (CV CONSOLIDATED) FIELD, LEON, LIMESTONE AND ROBERTSON COUNTIES, TEXAS

Heard by: Andres J. Trevino, P.E. on March 29, 2011

Appearances:

Rick Johnston

Representing:

XTO Energy

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

XTO Energy requests that the Owensville (Cotton Valley, Up) Field be consolidated into the Bald Prairie (CV Consolidated) Field. XTO Energy requests no changes to the field rules for the Bald Prairie (CV Consolidated) Field and that a determination be made that an exception to Statewide Rule 10 is not needed to the Morgan Creek Village Inc. #1 GU No. 1.

This application was unopposed and the examiner recommends approval of the requested field consolidation.

DISCUSSION OF THE EVIDENCE

The Bald Prairie (CV Consolidated) Field was created with the consolidation of seven Bald Prairie gas fields into the Bald Prairie (CV Consolidated) Field in 2001 by Oil & Gas Docket Order No. 05-0227155. There are 678 gas wells carried in the field which are operated by 17 operators. XTO Energy operates approximately 400 gas wells. The designated interval for the field is from 10,264 feet to 13,142 feet as shown on the log of the J.H. Mitchell I, No. 2. The field rules provide for 640 acre/optional 20 acre gas well density and 467'-600' well spacing. The field is classified as a non-associated field with AOF status.

The Owensville (Cotton Valley, Up) Field was discovered in 1985. The discovery well, Morgan Creek Village Inc. #1 GU No. 1, is the only well that has ever produced in the field. The Morgan Creek Village Inc. #1 GU No. 1 originally produced from perforations from 14,248 to 14,274 feet. The field operates under Statewide rules with 467'/1200' spacing and a well density of 40 acre gas units. XTO Energy took over ownership of the well, set a bridge plug above the old perforations and recompleted the well from 11,848 feet to 13,713 feet. The well had an initial potential of 1,170 MCF of gas per day. XTO

Energy drilled out the bridge plug and opened up the perforations from 11,848 feet to 14,274 feet. XTO Energy received a letter from the Commission stating that XTO Energy needed to apply for an exception to Statewide Rule 10.

Cross section data provided by XTO Energy using the type log well and the Morgan Creek Village Inc. #1 GU No. 1's log demonstrates the Morgan Creek Village Inc. #1 GU No. 1's perforations are currently completed within the designated interval of the Bald Prairie (CV Consolidated) Field . Since all current perforations are within the correlative interval, there is no need to obtain an exception to Statewide Rule 10. Wells in the two fields produce from the same correlative interval. Additionally, the Owensville (Cotton Valley, Up) Field was overlooked when the major field consolidation of the Bald Prairie (CV Consolidated) Field had taken place. Over the years, the fields have "grown together" and field designations overlap. Consolidating the fields will eliminate the possibility of additional wells being placed unnecessarily into the Owensville (Cotton Valley, Up) Field.

FINDINGS OF FACT

1. Notice of this hearing was given to all persons entitled to notice and there were no protests.
2. The Bald Prairie (CV Consolidated) Field was created with the consolidation of seven Bald Prairie gas fields into the Bald Prairie (CV Consolidated) Field in 2001 by Oil & Gas Docket Order No. 05-0227155. The field rules provide for 640 acre/optional 20 acre gas well density and 467'-600' well spacing.
3. The designated interval for the Bald Prairie (CV Consolidated) Field is from 10,264 feet to 13,142 feet as shown on the log of the J.H. Mitchell I, No. 2.
4. The Owensville (Cotton Valley, Up) Field was discovered in 1985. The discovery well, Morgan Creek Village Inc. #1 GU No. 1, is the only well that has ever produced in the field. The field operates with 467'/1200' spacing and a well density of 40 acre gas units.
5. The Morgan Creek Village Inc. #1 GU No. 1 in the Owensville (Cotton Valley, Up) Field produces from the same correlative interval as the Bald Prairie (CV Consolidated) Field.
6. The Morgan Creek Village Inc. #1 GU No. 1 currently produces from perforations from 11,848 feet to 14,274 feet.
7. Cross section data provided by XTO Energy demonstrates the Morgan Creek Village Inc. #1 GU No. 1's perforations are currently completed within the designated interval of the Bald Prairie (CV Consolidated) Field.

8. With all current perforations of the Morgan Creek Village Inc. #1 GU No. 1 being within the correlative interval, there is no need to obtain an exception to Statewide Rule 10.
9. The Owensville (Cotton Valley, Up) Field was overlooked when the major field consolidation of the Bald Prairie (CV Consolidated) Field had taken place.
10. Over the years, the fields have “grown together”. Wells in the two fields produce from the same correlative interval.

CONCLUSIONS OF LAW

1. Proper notice of this hearing was given to all persons legally entitled to notice.
2. All things have occurred or been accomplished to give the Railroad Commission jurisdiction in this matter.
3. Consolidation of the fields as proposed by XTO Energy is necessary to prevent waste and protect correlative rights.

EXAMINER'S RECOMMENDATION

Based on the above findings and conclusions, the examiner recommends that the Owensville (Cotton Valley, Up) Field be consolidated into the Bald Prairie (CV Consolidated) Field and that no changes be made to the field rules for the Bald Prairie (CV Consolidated) Field. Additionally there is no need for XTO Energy to obtain an exception to Statewide Rule 10 for the Morgan Creek Village Inc. #1 GU No. 1.

Respectfully submitted,

Andres J. Trevino, P.E.
Technical Hearings Examiner