



RAILROAD COMMISSION OF TEXAS

OFFICE OF GENERAL COUNSEL

OIL AND GAS DOCKET NO. 03-0265343

THE APPLICATION OF XTO ENERGY INC. TO CONSIDER PERMANENT FIELD RULES FOR THE SOUTH PHOENIX LAKE (HACKBERRY) FIELD, ORANGE COUNTY, TEXAS

Heard by: Donna K. Chandler on June 15, 2010

Appearances:

Steve Towns
Zane Anderson (phone)

Representing:

XTO Energy Inc.

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

XTO Energy, Inc. requests that field rules be adopted for the South Phoenix Lake (Hackberry) Field. The proposed rules are summarized as follows:

1. Designation of the field as the correlative interval from 10,032 feet (TVD) to 10,136 feet (TVD) as shown on the log of the Port of Orange-Brown No. 1;
2. 933'-1,867' well spacing;
3. 160 acre density;
4. Allocation based on 100% acreage.

This application was unopposed and the examiner recommends that the rules proposed by XTO Energy be adopted on a permanent basis for the South Phoenix Lake (Hackberry) Field.

DISCUSSION OF EVIDENCE

The South Phoenix Lake (Hackberry) Field was discovered in October 2006 upon completion of the Port of Orange-Brown No. 1. This well is the only well in the field. The discovery allowable in the field was 510 BOPD and the 1965 yardstick allowable is 192 BOPD. The yardstick allowable was implemented in October 2009.

The Port of Orange-Brown No. 1 has produced approximately 230,000 BO and 723 MMCF of gas. Current production is approximately 150 BOPD and 500-600 MCFD. The well's capability has declined very little.

The subject reservoir has 23.6% average porosity and 54.1% average water saturation. Recoverable reserves beneath the 140 acre reservoir are 353,000 BO. The Port of Orange-Brown No. 1 will drain the entire reservoir.

XTO requests that the field be defined as the correlative interval from 10,032 feet (TVD) to 10,136 feet (TVD) feet as shown on the Port of Orange-Brown No. 1. This interval includes the productive Hackberry.

FINDINGS OF FACT

1. Notice of this hearing was given to all persons entitled to notice and no protests were received.
2. The South Phoenix Lake (Hackberry) Field was discovered in October 2006 upon completion of the Port of Orange-Brown No. 1. This well is the only well in the field.
3. The discovery allowable in the field was 510 BOPD and the 1965 yardstick allowable is 192 BOPD. The yardstick allowable was implemented in October 2009.
4. The South Phoenix Lake (Hackberry) Field should be defined as the correlative interval from 10,032 feet (TVD) to 10,136 feet (TVD) as shown on the Port of Orange-Brown No. 1.
5. Adoption of a 160 acre density rule for the field is appropriate.
 - a. Cumulative production from the Port of Orange-Brown No. 1 is 229,000 BO and 723 MMCF of gas and the well continues to produce at a rate of approximately 150 BOPD.
 - b. Recoverable reserves beneath the 140 acre reservoir are 353,000 BO.
 - c. The Port of Orange-Brown No. 1 will drain the entire field.
6. A spacing rule providing for a minimum of 933 feet from lease lines and 1,867 feet between wells is standard spacing for 160 acre density.

7. Allocation based on 100% acreage is a reasonable formula which will protect correlative rights and meet statutory requirements.

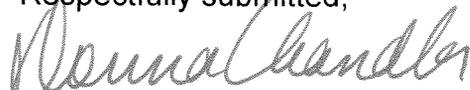
CONCLUSIONS OF LAW

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. Adoption of the proposed field rules for the South Phoenix Lake (Hackberry) Field is necessary to prevent waste, protect correlative rights and promote development of the field.

RECOMMENDATION

Based on the above findings and conclusions of law, the examiner recommends that the Commission adopt the field rules proposed by XTO Energy for the South Phoenix Lake (Hackberry) Field.

Respectfully submitted,



Donna K. Chandler
Technical Examiner