

**THE APPLICATION OF ROSETTA RESOURCES OPERATING LP TO AMEND FIELD RULES FOR THE GATES RANCH (EAGLE FORD SHALE) FIELD, WEBB COUNTY, TEXAS**

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**Heard by:** Andres J. Trevino, P.E. on June 9, 2011

**Appearances:**

Steve Towns

**Representing:**

Rosetta Resources Operating LP

**EXAMINER'S REPORT AND RECOMMENDATION**

**STATEMENT OF THE CASE**

Temporary field rules for the Gates Ranch (Eagle Ford Shale) Field were adopted in Final Order No. 04-0268007, effective November 30, 2010. The rules in effect for the field are summarized as follows:

1. Designation of the field as the entire correlative interval from 8,241' to 8,504' as shown on the log of the Gates 05D Lease Well No. 2015;
2. 330'-0' well spacing, with special provisions for take points in horizontal wells; 100 foot distance between first and last take point from lease lines;
3. 80 acre gas well density; 10% tolerance;
4. Allocation based on 100% acreage, with AOF status.

Rosetta Resources Operating LP requests that the Rule 2 be amended to allow off-lease penetration points. The examiner recommends that the field rules for Gates Ranch (Eagle Ford Shale) Field be amended as proposed by Rosetta Resources Operating LP.

**DISCUSSION OF EVIDENCE**

The Gates Ranch (Eagle Ford Shale) Field was discovered in August 2010 at a depth of 9,067 feet. The field is designated as a non associated field with 20 gas wells on the current proration schedule. Rosetta Resources operates 17 of the wells in the field. The field operates under Special Rules that allow 80 acre density and 330'/0' well spacing, take point language and the allocation formula is currently suspended.

Operators are currently developing other Eagleford fields with horizontal wellbores. Rosetta Resources Operating requests similar horizontal well rules that are approved for other horizontal plays in Texas. The primary target for horizontal development is the Eagleford Shale that is found throughout the area.

Rosetta Resources Operating requests that field Rule 2 for the subject field provide for off-lease penetration points. Statewide Rule 86 requires that the penetration point of a horizontal drainhole be on the lease. In most cases, it is beneficial to penetrate the reservoir off lease, while still having “take points” no closer to lease lines than allowed under the field rules. Similar rules allowing offsite penetration points have been adopted in other fields, after notice to the mineral owners of the off-lease tract on which the penetration point is to be located. A wellbore requires up to 700 feet of lateral distance to turn from vertical to horizontal. By allowing off-lease penetration an additional 700 feet of the reservoir is exposed to the horizontal lateral and drained. These reserves are estimated to be an additional 10% to 15% of a well’s original EUR. These reserves would go unrecovered if off-lease penetration is not approved.

#### **FINDINGS OF FACT**

1. Notice of this hearing was given to all persons entitled to notice and no protests were received.
2. The Gates Ranch (Eagle Ford Shale) Field is a non-associated field with 20 gas wells which operates under Special Rules and has AOF status. The field is under going horizontal development.
3. The Gates Ranch (Eagle Ford Shale) Field was discovered in August 2010 at a depth 9,067 feet.
4. The primary target for horizontal development is the Eagleford Shale that is found throughout the area.
5. A vertical well completed in the Gates Ranch (Eagle Ford Shale) Field requires up to 700 feet of lateral distance to complete a turn from vertical to horizontal.
6. Allowing off-lease penetration points, after notice to mineral owners of the offsite tract, will result in maximizing the producing drainhole length, thereby increasing ultimate recovery from horizontal drainhole wells.
7. A typical horizontal well may gain up to 700 feet of horizontal drainhole contact with the reservoir. The gain in contact with the reservoir it is estimated to increase the ultimate recovery of a well by 10% to 15%.

8. Numerous other fields that are developed with horizontal wells have adopted similar rules to help maximize recovery and prevent waste.

**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. Amending the field rules for the Gates Ranch (Eagle Ford Shale) Field is necessary to prevent waste, protect correlative rights and promote development of the field.

**RECOMMENDATION**

Based on the above findings of fact and conclusions of law, the examiner recommends that the Commission amend the field rules for the Gates Ranch (Eagle Ford Shale) Field as proposed by Rosetta Resources Operating LP.

Respectfully submitted,

Andres J. Trevino, P.E.  
Technical Examiner