



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL AND GAS DOCKET NO. 7C-0297471

THE APPLICATION OF XTO ENERGY, INC. TO AMEND THE SPECIAL FIELD RULES FOR THE SPRABERRY (TREND AREA) FIELD – DISTRICT 7C (85279200), SPRABERRY (TREND AREA) FIELD – DISTRICT 8 (85280300), SPRABERRY (TREND AREA) R40 EXC FIELD – DISTRICT 7C (85279201), SPRABERRY (TREND AREA) R 40 EXC FIELD – DISTRICT 8 (85280301), VARIOUS COUNTIES, TEXAS

HEARD BY: Peggy Laird, P.G. – Technical Examiner
Marshall Enquist – Administrative Law Judge

HEARING DATE: October 7, 2015

CONFERENCE DATE: March 8, 2016

APPEARANCES: **REPRESENTING:**

APPLICANT:

David Gross
Rick Johnston

XTO Energy, Inc.

EXAMINERS' REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

XTO Energy, Inc. ("XTO") seeks to amend the special field rules for the Spraberry (Trend Area) Field – District 7C (85279200), Spraberry (Trend Area) Field – District 8 (85280300), Spraberry (Trend Area) R 40 EXC Field – District 7C (85279201), and Spraberry (Trend Area) R 40 EXC Field – District 8 (85280301) (all referenced as the "Field"), Various Counties, Texas. XTO requests the following amendments: (1) for Field Rule 8, granting administrative exception of six months to SWR 51 (a) regarding the 10 day rule for filing the potential test after testing the well, and (2) adding new Field

Rule 9 granting administrative exception of six months to SWR 13(b)(4)(A) requirement that flowing oil wells produce through tubing set on a packer.

All operators in the Field were notified, and no protests were received. The Examiners recommend that field rules be amended as requested by XTO.

DISCUSSION OF EVIDENCE

The Spraberry (Trend Area) Field is located across 16 counties in the Midland Basin of West Texas. The Field was established on December 22, 1952, and has a 3,740-foot correlative interval that extends from the top of the Clearfork Formation to the top of the Strawn Formation. The Field operates under field rules that were amended on December 2, 2014 (Oil & Gas Docket Nos. 7C-0291169 & 7C-0291171).

At the time of the hearing, there were 26,455 wells in the Field. The Field produces about 362,000 barrels of oil and more than 1.1 billion cubic feet of gas per day. Cumulative production from the Field totals 1.52 billion barrels of oil and 4.30 trillion cubic feet of gas.

XTO reported that stopping production in a flowing well to run tubing may impede the ability to recover fracture fluid and possibly be detrimental to the formation and the well. XTO requests amending Field Rule No. 8 to provide for a six-month exception to Statewide Rule 51(a), which has been previously adopted in numerous fields where a six-month exception to the Statewide Rule 13(b)(4)(A) tubing requirement has been granted. XTO also proposes adding Field Rule No. 9 to provide that an operator of a flowing oil well may obtain a six-month exception to the Statewide Rule 13(b)(4)(A) tubing requirement, with the ability to obtain an extension for good cause shown.

XTO reported that numerous operators in the Field had indicated their support for the requested amendments to the Field rules. The rules XTO proposes are similar to rules in other unconventional fracture treated (UFT) fields such as the Two Georges (Bone Spring) Field in west Texas, and the Sugarcane (Eagle Ford) Field in south Texas. The requested Field rules resemble modifications made to Statewide Rule 86 which have been adopted and became effective February 1, 2016.

FINDINGS OF FACT

1. Notice of this hearing was given to all parties entitled to notice at least ten days prior to the date of hearing and no protests were received.
2. The Spraberry (Trend Area) Field is located across 16 counties in the Midland Basin of West Texas, and was established on December 22, 1952.

- a. The Field has a 3,740-foot correlative interval that extends from the top of the Clearfork Formation to the top of the Strawn Formation.
 - b. The Field operates under field rules that were amended on December 2, 2014 (Oil & Gas Docket Nos. 7C-0291169 & 7C-0291171).
 - c. At the time of the hearing, there were 26,455 wells in the Field.
 - d. The Field produces about 362,000 barrels of oil and more than 1.1 billion cubic feet of gas per day.
 - e. Cumulative production from the Field totals 1.52 billion barrels of oil and 4.30 trillion cubic feet of gas.
3. The requested Field rules resemble modifications made to Statewide Rule 86 which have been adopted and became effective February 1, 2016.

CONCLUSIONS OF LAW

1. Resolution of the subject application is a matter committed to the jurisdiction of the Railroad Commission of Texas. Tex. Nat. Res. Code § 81.051
2. All notice requirements have been satisfied. 16 Tex. Admin. Code § 1.45
3. The proposed field rule amendments will prevent waste, protect correlative rights, and promote the orderly development of the Field.

RECOMMENDATION

Based on the above findings of fact and conclusions of law, the Examiners recommend the field rules for the Field be amended as requested by XTO Energy, Inc.

Respectfully submitted,



Peggy Laird, P.G.
Technical Examiner



Marshall Enquist
Administrative Law Judge