

**OIL AND GAS DOCKET NO. 09-0268912**

---

**THE APPLICATION OF ECHO PRODUCTION, INC. FOR SEGREGATION OF THE CONLEY (CONS.) FIELD INTO THE CONLEY (ELLENBURGER), CONLEY (MISS.) AND CONLEY (OSAGE) FIELDS AND FOR ADOPTION OF FIELD RULES FOR THE INDIVIDUAL FIELDS, HARDEMAN COUNTY, TEXAS**

---

**Heard by:** Donna Chandler, Technical Examiner

**Hearing Date:** February 3, 2011

**Appearances:**

**Representing:**

Jim Cowden  
Tom Golden (by phone)

Echo Production, Inc.

**EXAMINER'S REPORT AND RECOMMENDATION**

**STATEMENT OF THE CASE**

Echo Production, Inc. requests that the Conley (Cons.) Field be segregated into the three fields which had been consolidated into the field: the Conley (Ellenburger), Conley (Miss.) and Conley (Osage) Fields. Echo requests that field rules be adopted for each field as summarized below:

1. Designation of each field;
2. 330'-330' spacing for vertical wells; take point language for horizontal wells, with no minimum between well spacing between a horizontal and vertical well; 100' spacing from lease lines for first and last take points in horizontal wells;
3. 80 acre/optional 40 acre density for each field;
4. allocation based on 100% acreage in each field.

This application was unopposed and the examiner recommends approval.

**DISCUSSION OF THE EVIDENCE**

On April 14, 2009, the Commission signed a Final Order in Docket No. 09-0261060 which consolidated the Conley (Ellenburger), Conley (Miss.) and Conley (Osage) Fields into the Conley (Cons.) Field. At that time, rules were adopted for the consolidated field which

are very similar to those requested now for each individual field. At the time of the consolidation, Echo was the only operator in any of the three fields and was beginning to develop the fields with horizontal wells. Echo believed at the time that it would be more efficient to complete all zones in a single wellbore. Echo is still the only operator in the fields and no wells have actually been transferred into the consolidated field. Echo has now determined that horizontal wells will likely be mainly in the Mississippian, with some possibly in the Ellenburger. Echo requests that the consolidated field be re-segregated back into the individual fields.

The Conley (Ellenburger) Field was discovered in 1961. Field rules for the field provided for 660'-1,200' well spacing, 80 acre density and an MER of 173 BOPD. The Conley (Miss.) Field was discovered in 1959. Field rules provided for 660'-1,200' well spacing, 80 acre density, and an MER of 161 BOPD. The Conley (Osage) Field was discovered in 1961. The field also had 467'-1,200' well spacing, 80 acre density and an MER of 173 BOPD. There are currently 5 producing wells in the Ellenburger, 20 in the Mississippian and 1 in the Osage. Four of the wells are producing horizontal wells in the Mississippian and Echo plans up to 10 more horizontal wells in the Mississippian. Production from the 4 horizontal wells in the Mississippian is currently over 8,000 BO per month, compared to 12,700 BO per month for all Mississippian wells.

The Ellenburger is the deepest of the three fields and has a strong water drive. The Mississippian has a depletion drive. The Osage is between the two. Hydraulic fracturing of horizontal drainholes in the Ellenburger may result in excessive water production. Echo will most likely complete the Ellenburger in the vertical portions of wellbores, then dually complete the wells with horizontal drainholes in the Mississippian.

Echo requests that the same rules which had been adopted for the consolidated field be applied to each individual field. The only additional request is for 100' spacing from lease lines for the first and last take points in horizontal wells. This spacing is consistent with rules adopted for many other tight reservoirs in which wells must be drilled perpendicular to the fractures in order to maximize production.

### **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.
2. On April 14, 2009, the Commission signed a Final Order in Docket No. 09-0261060 which consolidated the Conley (Ellenburger), Conley (Miss.) and Conley (Osage) Fields into the Conley (Cons.) Field.
3. No wells have been transferred on Commission records into the consolidated field and Echo Production, Inc. is the only operator in the fields.
4. The Conley (Ellenburger) Field was discovered in 1961. The field had an MER of 173 BOPD.

5. The Conley (Miss.) Field was discovered in 1959. The field had an MER of 161 BOPD.
6. The Conley (Osage) Field was discovered in 1961. The field had an MER of 173 BOPD.
7. Echo is drilling horizontal wells in the Mississippian, with 4 recent wells producing over 8,000 BO per month.
8. Echo's development plan is to complete the Ellenburger in the vertical portions of wellbores, then dually complete the wells with horizontal drainholes in the Mississippian.
9. Field rules adopted for the Conley (Cons.) Field are appropriate for each of the separate fields.

#### **CONCLUSIONS OF LAW**

1. Proper notice was issued as required by all applicable statutes and regulatory codes.
2. All things have occurred and been accomplished to give the Commission jurisdiction in this matter.
3. Segregation of the Conley (Cons.) Field into the Conley (Ellenburger), Conley (Miss.) and Conley (Osage) Field and adoption of field rules for the three fields is necessary to prevent waste and protect correlative rights.

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

Based on the above findings and conclusions, the examiner recommends that the Conley (Cons.) Field be segregated into the Conley (Ellenburger), Conley (Miss.) and Conley (Osage) Field and that field rules be adopted for each individual field as set out in the attached Final Order.

Respectfully submitted,

Donna K. Chandler  
Technical Examiner