
* KEY ISSUES: CONFISCATION *
* Separate tract, legal subdivision *
* First well *
* *
* FINAL ORDER: R37 EXCEPTION GRANTED *

Rule 37 Case No. 0203517

APPLICATION OF THE LONG TRUSTS FOR AN EXCEPTION TO STATEWIDE RULE 37 TO DRILL ITS WELL NO. 1 CV, GARFIELD WYLE LEASE, OAK HILL (COTTON VALLEY), DIGGER (PETTIT) AND WILDCAT FIELDS, RUSK COUNTY, TEXAS

APPLICANT: The Long Trusts

FOR APPLICANT:

Flip Whitworth	Attorney
James G. Hubley	Petroleum Landman
L. Wayne Littlefield	Consulting Engineer

PROTESTANT: Sonat Exploration Company

FOR PROTESTANT:

George C. Neale	Attorney
Mike Bellar	Petroleum Landman

PROCEDURAL HISTORY

Application Filed:	October 15, 1993
Notice of Hearing:	October 25, 1993
Hearing Held:	November 30, 1993
PFD Circulated:	March 9, 1994
Heard by:	David Clarkson, Hearings Examiner Doug Johnson, P.E., Technical Examiner

STATEMENT OF THE CASE

Applicant, the Long Trusts, is the working interest owner of a 50 acre tract located in Rusk County, Texas. The 50 acre tract is a legal subdivision. Sonat Exploration Co. Inc., (protestant), is the mineral interest owner of the tract of land immediately south of the proposed location. The proposed well, the No. 1 CV Well, is a vertical well located in the geometric center of the tract at 714' FEL and FWL and 769' FSL and FNL. The proposed completion is in the Oak Hill (Cotton Valley), the Digger (Pettit), and Wildcat Fields. The field rules for the Oak Hill (Cotton Valley) Field require 933'/1867' lease line and between well spacing. The Digger (Pettit) is under statewide spacing of 467'/1200'. Applicant is seeking an exception to Statewide Rule 37 based on confiscation.

DISCUSSION OF THE EVIDENCE

The discovery date for the Oak Hill (Cotton Valley) Field is November 11, 1976. The Digger (Pettit) Field discovery date is April 14, 1993. The 50 acre Garfield Wyle tract took its present size and shape on October 11, 1934 through a deed conveyance (Exhibit 2) of the 50 acres from the J.W. Holt Heirs to the Garfield Wyle Heirs.

Applicant presented evidence that there is no common ownership and control of the mineral interests on the 50-acre drill site tract with any adjoining tracts. Mr. James Hubley, a petroleum landman, also testified that there has been no common ownership historically of the drillsite tract and the adjoining tracts. Thus the mineral interest owners of the subject tract are not receiving their fair share of oil from other wells on nearby tracts.

Protestant cross-examined Mr. Hubley on his methods of checking the drill-site tract ownership against the ownership of the surrounding tracts. Mr. Hubley stated that he had searched deed records in Rusk County for unitization agreements involving the subject tract and had found no unitization or pooling agreements involving the subject tract. Mr. Hubley also testified that tracts are often identified by their surface ownership on plat maps so that it appears that there is common ownership on maps but that in comparing mineral interest ownership records he found no common owners between the subject tract and offsetting tracts.

EXAMINERS' OPINION

The evidence shows that the 50 acre Garfield Wyle tract was formed by deed dated October 11, 1934. The discovery date for the Oak Hill (Cotton Valley) Field is November 17, 1976. This is the oldest field which is applied for and thus the subject tract is a separate tract (ie: a legal subdivision). There is no regular location on the tract; the proposed location at the geometric center of the tract is reasonable. The proposed well will afford the owners of the 50 acre tract an opportunity to recover their fair share of hydrocarbons, thereby preventing confiscation.

FINDINGS OF FACT

1. Notice of hearing was given at least ten days prior to the hearing to all designated operators, lessees of record for tracts that have no designated operator, and owners of record of unleased mineral interests for each adjacent tract and each tract nearer to the well than the prescribed minimum lease-line spacing distance.
2. The Long Trusts has applied on Form W-1 for a permit to drill Well No. 1 CV on the Garfield Wyle Lease at a location 769 feet FNL and FSL and 714 feet FEL and FWL of the lease, and 3440 feet FWL and 769 feet FSL of the survey. Applicant has applied for completion of its proposed well in the Digger (Pettit), Oak Hill (Cotton Valley) and Wildcat Fields. The Digger (Pettit) and Wildcat Fields have spacing rules of 467 feet from lease lines and 1200 feet between wells. The Oak Hill (Cotton Valley) Field has spacing rules of 933'/1867' to lease lines and between wells.
3. Applicant's tract is 1428 feet wide by 1538 feet and contains 50 acres.
 - a. The applied for location is 714' FEL and FWL and 769 feet FNL and FSL. This is the geometric center of the drillsite tract.
4. The Garfield Wyle 50 acre tract was formed by deed dated October 11, 1934.
5. The Oak Hill (Cotton Valley) Field discovery date is November 11, 1976.
6. The Digger (Pettit) Field discovery date is April 14, 1993.
7. The mineral interest ownership in the subject tract is not common with offsetting tracts.
8. Applicant and its lessor will be denied the opportunity to recover the oil and gas beneath its tract without the proposed well.

CONCLUSIONS OF LAW

1. Proper notice of hearing was timely given to all persons legally entitled to notice.
2. The application on Form W-1 was properly filed.
3. All things have occurred and have been done to give the Commission jurisdiction to decide this matter.
4. The Long Trust 50 acre Garfield Wyle Lease is a separate tract formed before the discovery of oil and gas in the area.

5. Confiscation will occur without the applied-for well.

RECOMMENDATION

The examiners recommend approval of the application as set forth in the attached final order.

Respectfully submitted,

David Clarkson
Hearings Examiner

Thomas H. Richter, P.E.
Technical Examiner

DLC