



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL AND GAS DOCKET NO. 7C-0284015

THE APPLICATION OF COG OPERATING CO LLC TO CONSOLIDATE THE DAVIS (WOLFCAMP) AND THE DAVIS (WOLFCAMP-OIL) FIELDS INTO THE SPRABERRY (TREND AREA) FIELD, UPTON COUNTY, TEXAS

HEARD BY: Andres J. Trevino, P.E. - Technical Examiner
Michael Crnich- Legal Examiner

HEARING DATE: September 5, 2013

APPEARANCES:

REPRESENTING:

APPLICANT:

Greg Cloud

COG Operating, LLC

OBSERVERS:

Keith Barton
Sumiyah Ahmed

OXY USA

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

COG Operating, LLC (COG) requests that the Davis (Wolfcamp) Field and the Davis (Wolfcamp-Oil) Field be consolidated into the Spraberry (Trend Area) Field. COG requests no changes to the field rules for the Spraberry (Trend Area) Field.

This application was unopposed and the examiners recommend approval of the requested field consolidation.

DISCUSSION OF THE EVIDENCE

The Davis (Wolfcamp) Field was discovered in 1979 at a depth of 10,466 feet. There are 5 oil wells and no gas wells carried in the field, 4 are operated by COG. There is one other operator in the field. The wells produce from the Wolfcamp formation. The field rules (Statewide rules) provide for 40 acre density and 467'-1,200' well spacing.

Cumulative production from the field is 316,084 BO.

The Davis (Wolfcamp-Oil) Field was discovered in 1961 at a depth of 9,802 feet. The field produces from the Wolfcamp formation. There is one producing oil well carried in the field. The field has cumulative production of 79,419 BO. The field rules (Statewide rules) provide for 40 acre density and 467'-1,200' well spacing.

The Spraberry (Trend Area) Field was discovered in 1935. The field produces from a large, 3,740 foot, designated interval that includes the Clearfork, Upper Spraberry, Lower Spraberry, Dean and Wolfcamp formations. There are over 15,000 producing oil wells carried in the field. The field has cumulative production of 1.2 billion BO since 1952. The field operates with special field rules that provide for 467'/0' spacing and a well density of 80 acre units with optional 20 acre units, and horizontal rules that include stacked laterals.

Over the years, the fields have "grown together" and field designations overlap. Wells in the three fields produce from a correlative interval that includes the Wolfcamp formation. There are no faults or structural features separating the fields. Consolidating the fields will promote the orderly development of the reservoirs by having uniform field rules. Field rules for the Spraberry (Trend Area) Field are more flexible, allowing new wells to be drilled at flexible locations, with an expanded interval that includes other productive pay zones, allowing drilling densities down to 20 acres and allowing horizontal development including stacked laterals.

FINDINGS OF FACT

1. Notice of this hearing was given to all persons entitled to notice and there were no protests.
2. The Davis (Wolfcamp) Field was discovered in 1959 at a depth of 9,885 feet. The field rules (Statewide rules) provide for 40 acre density and 467'-1,200' well spacing.
3. The Davis (Wolfcamp-Oil) Field was discovered in 1961 at a depth of 9,802 feet. The field rules (Statewide rules) provide for 40 acre density and 467'-1,200' well spacing.
4. The Spraberry (Trend Area) Field was discovered in 1935 and currently has a designated interval over 3,500 feet. The field operates with 467'/0' spacing, a well density of 80 acre oil with optional 20 acre units and special rules for horizontal well development.
5. The Davis (Wolfcamp) Field, the Davis (Wolfcamp-Oil) Field and the Spraberry (Trend Area) Field all produce from the Wolfcamp formation.
6. Over the years, the fields have "grown together". There are no faults or

structural features separating the fields.

7. Field rules for the Spraberry (Trend Area) Field allow greater flexibility in spacing future wells, an expanded designated interval and has special rules for horizontal development.
8. Consolidating the fields will promote the orderly development of the reservoirs by having uniform field rules.

CONCLUSIONS OF LAW

1. Proper notice of this hearing was given to all persons legally entitled to notice.
2. All things have occurred or been accomplished to give the Railroad Commission jurisdiction in this matter.
3. Consolidation of the fields as proposed by COG Operating, LLC is necessary to prevent waste and protect correlative rights.

EXAMINER'S RECOMMENDATION

Based on the above findings and conclusions, the examiners recommend that the Davis (Wolfcamp) Field and the Davis (Wolfcamp-Oil) Field be consolidated into the Spraberry (Trend Area) Field and that no changes be made to the field rules for the Spraberry (Trend Area) Field.

Respectfully submitted,



Andres J. Trevino, P.E.
Technical Examiner



Michael Crnich
Legal Examiner