



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL AND GAS DOCKET NO. 10-0286295

THE APPLICATION OF APACHE CORPORATION TO CONSOLIDATE THE HODGES (DES MOINES) FIELD INTO THE PAN PETRO (MARMATON) FIELD, LIPSCOMB, OCHILTREE, AND ROBERTS COUNTIES, TEXAS

HEARD BY: Paul Dubois – Technical Examiner
Mike Crnich – Hearing Examiner

HEARING DATE: January 14, 2014

APPEARANCES:

Jim Clark

REPRESENTING:

Apache Corporation

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

This is the application of Apache Corporation (Apache) to consolidate the Hodges (Des Moines) field into the Pan Petro (Marmaton) Field in Lipscomb, Ochiltree and Roberts Counties, Texas. The application is not protested. The examiners recommend approval of the field consolidation.

DISCUSSION OF THE EVIDENCE

The Hodges (Des Moines) Field was discovered in 1967 at a depth of 7,982 feet. Permanent field rules were established for the field on February 3, 1970 (Docket No. 10-59,879). The field rules require 933 feet lease line spacing, 1,867 feet between well spacing, 160 acre proration units, 100 percent acreage allocation, and at least 930 feet of surface casing. There are six active gas wells and three active oil wells carried on the current proration schedules. All of these are vertical wells. Since 1967 the Hodges (Des Moines) Field has produced more than 3 MMBO and 19 BCF gas.

The Pan Petro (Marmaton) Field was discovered in 2012 at a depth of 8,112 feet. Temporary field rules were established for the field on November 20, 2012 (Docket No. 10-0277891). These rules provide for a correlative interval from 8,112 to 8,952 feet, 467 feet

lease line spacing, 933 feet between well spacing, 160 acre proration units, and contemporary provisions for horizontal wells including take point language, off-lease penetration points, no perforation zones, a box tolerance rule and stacked laterals. There is one gas well on the current proration schedule. Three oil wells have been completed in the field but are not yet carried on the schedule. Since 2012 the field has produced 345 MMCFG and about 78 MB of hydrocarbon liquids.

Geologically, the fields produce from the Oswego Formation that is correlative across the combined field area. The Oswego Formation is a member of the Des Moines Series, Marmaton Group, which are Pennsylvanian in age. The correlative interval for the Pan Petro (Marmaton) Field is defined from the base of the Cleveland Formation at 8,112 to a depth of 8,952 feet.

Although there are currently more wells completed in the Hodges (Des Moines) Field, Apache is requesting that the field be consolidated into the Pan Petro (Marmaton), because the latter field has already been granted common field rules for horizontal development. The Pan Petro (Marmaton) Field rules are temporary and will be up for review later in 2014. The examiners recommend that the two fields be consolidated.

FINDINGS OF FACT

1. Notice of this hearing was sent to all persons legally entitled to notice at least ten days prior to the date of hearing.
2. The hearing was not protested.
3. The Hodges (Des Moines) Field was discovered in 1967 at a depth of 7,982 feet.
 - a. Permanent field rules were established for the field on February 3, 1970 (Docket No. 10-59,879) requiring 933 feet lease line spacing, 1,867 feet between well spacing, 160 acre proration units, 100 percent acreage allocation, and at least 930 feet of surface casing.
 - b. There are six active gas wells and three active oil wells carried on the current proration schedules.
 - c. Since 1967 the Hodges (Des Moines) Field has produced more than 3 MMBO and 19 BCF gas.
4. The Pan Petro (Marmaton) Field was discovered in 2012 at a depth of 8,112 feet.

- a. Temporary field rules were established for the field on November 20, 2012 (Docket No. 10-0277891), providing for a correlative interval from 8,112 to 8,952 feet, 467 feet lease line spacing, 933 feet between well spacing, 160 acre proration units, and contemporary provisions for horizontal wells including take point language, off-lease penetration points, no perforation zones, a box tolerance rule and stacked laterals.
 - b. The temporary field rules will be up for review later in 2014.
 - c. There is one gas well on the current proration schedule. Three oil wells have been completed in the field but are not yet carried on the schedule.
 - d. Since 2012 the field has produced 345 MMCFG and about 78 MB of hydrocarbon liquids.
5. Geologically, the fields produce from the Oswego Formation that is correlative across the combined field area. The Oswego Formation is a member of the Des Moines Series, Marmaton Group, which are Pennsylvanian in age.
 6. The correlative interval for the Pan Petro (Marmaton) Field is defined from the base of the Cleveland Formation at 8,112 to a depth of 8,952 feet.

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 Apache Corporation will prevent waste, protect correlative rights, and promote the orderly development of the field.

EXAMINER'S RECOMMENDATION

Based on the above findings and conclusions, the examiners recommend that the Hodges (Des Moines) field be consolidated into the Pan Petro (Marmaton) Field and that drilling permits not be required for the transfer of wells as a result of the consolidation.

Respectfully submitted,



Paul Dubois
Technical Examiner



Michael Crnich
Hearing Examiner