



# RAILROAD COMMISSION OF TEXAS

## HEARINGS DIVISION

OIL AND GAS DOCKET NO. 10-0279973

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THE APPLICATION OF LINN OPERATING, INC. TO RENUMBER AND AMEND FIELD RULES FOR THE ALLISON-BRITT (12350) FIELD, WHEELER COUNTY, TEXAS

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HEARD BY: Richard D. Atkins, P.E. - Technical Examiner  
Michael Crnich - Legal Examiner

HEARING DATE: January 10, 2013

APPEARANCES: REPRESENTING:

**APPLICANT:**

Bryan Lauer  
Rick Johnston

Linn Operating, Inc.

**EXAMINERS' REPORT AND RECOMMENDATION**

**STATEMENT OF THE CASE**

Field Rules for the Allison-Britt (12350) Field were adopted in Final Order No. 10-77,485, effective January 18, 1982, as amended. The Field Rules are summarized as follows:

1. Designated correlative interval from 11,860 feet to 15,182 feet as shown on the log of the CIG Exploration, Inc. - Grayson Lease, Well No. 1-32 (API No. 42-483-30497);
2. 467'-660' well spacing with no between well spacing limitation between vertical and horizontal drainhole wells and special provisions for "take points" and "off-lease" penetration point in horizontal drainhole wells;
3. Special provisions for "stacked" laterals in horizontal drainhole wells;
4. 320 acre gas units with optional 160 acre density;
5. Allocation based on 95% deliverability and 5% per well with AOF status.

Linn Operating, Inc. ("Linn") requests that the Field Rules for the Allison-Britt (12350) Field be renumbered and amended to provide for a 0' between well spacing for all wells with special provisions for a 200' lease line spacing for the first and last take points and a 47' "box rule" in horizontal drainhole wells.

The examiners recommend that the field rules for the Allison-Britt (12350) Field be renumbered and amended, as requested by Linn.

### **DISCUSSION OF EVIDENCE**

The Allison-Britt (12350) Field was discovered in October 1979 at an average depth of 12,400 feet. The field is designated as an associated field with AOF status. There are 71 producing gas wells, 2 producing oil wells and eight operators carried on the proration schedules. The field operates under Field Rules that provide for 467'-660' well spacing with no between well spacing limitation between vertical and horizontal drainhole wells and special provisions for "take points", "off-lease" penetration point and "stacked" laterals in horizontal drainhole wells and 320 acre gas units with optional 160 acre density. Cumulative production from the field through September 2012 is 71.0 BCFG and 2.2 MMBO.

Operators are currently developing other Granite Wash fields in the area with horizontal drainhole wells. Linn proposes similar horizontal drainhole well Field Rules for the Allison-Britt (12350) Field that have been approved for the other horizontal plays in the area. Linn requests that the Field Rules be renumbered and amended to provide for a 0' between well spacing for all wells with special provisions for a 200' lease line spacing for the first and last take points and a 47' "box rule" in horizontal drainhole wells. Linn argues that the proposed 0' between well spacing is necessary to allow the drilling of horizontal wells, which may have to be placed very near vertical wells in some cases.

By allowing a 200' lease line spacing for the first and last take points, an additional 534 feet of the reservoir is exposed to the horizontal lateral and drained. These reserves would go unrecovered if the 200' lease line spacing for the first and last take points is not approved. Linn also requests a tolerance "box rule" for horizontal drainhole wells that would allow drainholes to deviate 47 feet from either side of their permitted track without the necessity of obtaining a Statewide Rule 37 exception. As drilled wells for which all points are located within the "box" would be considered in compliance with their drilling permits.

### **FINDINGS OF FACT**

1. Notice of this hearing was given to all persons entitled to notice and no protests were received.

2. The Allison-Britt (12350) Field was discovered in October 1979 at an average depth of 12,400 feet.
  - a. The field is designated as an associated field with AOF status.
  - b. There are 71 producing gas wells, 2 producing oil wells and eight operators carried on the proration schedules.
  - c. The field operates under Field Rules that provide for 467'-660' well spacing with no between well spacing limitation between vertical and horizontal drainhole wells and special provisions for "take points", "off-lease" penetration point and "stacked" laterals in horizontal drainhole wells and 320 acre gas units with optional 160 acre density.
  - d. The field is actively being developed with vertical and horizontal drainhole wells.
3. Field Rules providing for a 0' between well spacing for all wells with special provisions for a 200' leaseline spacing for the first and last take points and a 47' "box rule" in horizontal drainhole wells are appropriate for the Allison-Britt (12350) Field.
  - a. The proposed 0' between well spacing is necessary to allow the drilling of horizontal wells, which may have to be placed very near vertical wells in some cases.
  - b. By allowing a 200' leaseline spacing for the first and last take points, an additional 534 feet of the reservoir is exposed to the horizontal lateral and drained.
  - c. The proposed 47' "box rule" is necessary to allow operators reasonable minor deviations from the wellbore track that has been permitted, without the necessity of obtaining a Statewide Rule 37 exception.
4. Numerous other Granite Wash formation fields in the area that are developed with horizontal drainhole wells have adopted similar rules to help maximize recovery and prevent waste.

#### **CONCLUSIONS OF LAW**

1. Proper notice of this hearing was issued.

2. All things have been accomplished or have occurred to give the Commission jurisdiction in this matter.
3. Renumbering and amending the field rules for the Allison-Britt (12350) Field is necessary to prevent waste, protect correlative rights and promote development of the field.

**RECOMMENDATION**

Based on the above findings of fact and conclusions of law, the examiners recommend that the Commission renumber and amend the field rules for the Allison-Britt (12350) Field, as requested by Linn Operating, Inc.

Respectfully submitted,



Richard D. Atkins, P.E.  
Technical Examiner



Michael Crnich  
Legal Examiner