



# RAILROAD COMMISSION OF TEXAS

## HEARINGS DIVISION

**OIL AND GAS DOCKET NO. 01-0281888**

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**THE APPLICATION OF C-D OIL COMPANY, INC. TO RENUMBER AND AMEND FIELD RULES FOR THE MINERVA-ROCKDALE FIELD, MILAM COUNTY, TEXAS**

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

**HEARING DATE:** May 9, 2013

**APPEARANCES:** **REPRESENTING:**

**APPLICANT:**

James M. Clark

C-D Oil Company, Inc.

**EXAMINERS' REPORT AND RECOMMENDATION**

**STATEMENT OF THE CASE**

Field Rules for the Minerva-Rockdale Field were adopted in Final Order No. 1-7,350, effective March 12, 1945, as amended. The Field Rules are summarized as follows:

1. 100'-200' well spacing;
2. 2 acre units with optional 1 acre density;
3. Allocation based on 100% acres with a top MER oil allowable of 18 barrels of oil per day.

C-D Oil Company, Inc. ("C-D Oil") proposes amending the field rules as follows:

1. Designated correlative interval from 100 feet to 1,759 feet as shown on the log of the L C Smith Production (formerly Margo, Inc.) - Fritz Matzig Lease, Well No. 2 (API No. 42-331-32756);
2. 100'-0' well spacing;
3. 2 acre units with optional 1 acre density;

4. Allocation based on 100% acres with a top MER oil allowable of 18 barrels of oil per day.

### DISCUSSION OF THE EVIDENCE

The Minerva-Rockdale Field was discovered in February 1921 at an average depth of 650 feet. The field is classified as associated and there are 1,128 producing oil wells and two producing gas wells carried on the proration schedules. Most of the wells produce at oil rates of less than 1 barrel per day and C-D Oil operates over 100 wells in the field. Field Rules currently provide for 100'-200' well spacing and 2 acre units with optional 1 acre density. Cumulative production from the field through February 2013 is 4.5 MMBO and 245.5 MMCFG.

There is currently no defined correlative interval for the field. C-D Oil requests that the field be defined as the correlative interval from 100 feet to 1,759 feet as shown on the log of the L C Smith Production (formerly Margo, Inc.) - Fritz Matzig Lease, Well No. 2 (API No. 42-331-32756), J Leal Survey, A-29, Milam County, Texas. The correlative interval includes the entire Navarro sands formation. The drive mechanism of the reservoir is gravity drainage. Therefore, more drain points are necessary for a timely reserve recovery because of the very low migration process.

C-D Oil is developing the Minerva-Rockdale Field by drilling infill wells and requests Field Rules that will promote the efficient and effective development of the remaining hydrocarbons. C-D Oil proposes 100'-0' well spacing and argues that the proposed no between well spacing is necessary to allow the drilling of infill wells, which may have to be placed very near existing wells in some cases. The no between well spacing will also provide the necessary flexibility required to utilize the effects of gravity drainage in the reservoir.

### FINDINGS OF FACT

1. Notice of this application and hearing was provided to all persons entitled to notice at least ten (10) days prior to the date of the hearing.
2. The Minerva-Rockdale Field was discovered in February 1921 at an average depth of 650 feet.
  - a. The field is classified as associated and there are 1,128 producing oil wells and two producing gas wells carried on the proration schedules.
  - b. Most of the wells produce at oil rates of less than 1 barrel per day and C-D Oil operates over 100 wells in the field.

- c. Field Rules currently provide for 100'-200' well spacing and 2 acre units with optional 1 acre density.
3. The Minerva-Rockdale Field should be defined as the correlative interval from 100 feet to 1,759 feet as shown on the log of the L C Smith Production (formerly Margo, Inc.) - Fritz Matzig Lease, Well No. 2 (API No. 42-331-32756), J Leal Survey, A-29, Milam County, Texas. The correlative interval includes the entire Navarro sands formation.
4. A Field Rule for the Minerva-Rockdale Field that provides for 100'-0' well spacing is appropriate for the field.
  - a. C-D Oil Company, Inc. ("C-D Oil") is developing the Minerva-Rockdale Field by drilling infill wells and requests Field Rules that will promote the efficient and effective development of the remaining hydrocarbons.
  - b. The drive mechanism of the reservoir is gravity drainage.
  - c. More drain points are necessary for a timely reserve recovery because of the very low migration process.
  - d. The proposed no between well spacing is necessary to allow the drilling of infill wells, which may have to be placed very near existing wells in some cases.
  - e. The no between well spacing will also provide the necessary flexibility required to utilize the effects of gravity drainage in the reservoir.

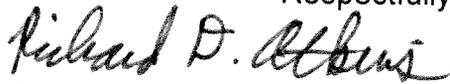
#### **CONCLUSIONS OF LAW**

1. Proper notice was given to all parties as set out in the provisions of all applicable codes and regulatory statutes.
2. All things have occurred and been accomplished to give the Commission jurisdiction in this matter.
3. Renumbering and amending the Field Rules for the Minerva-Rockdale Field is necessary to prevent waste, protect correlative rights and promote development of the field.

EXAMINERS' 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 Minerva-Rockdale Field, as requested by C-D Oil Company, Inc.

Respectfully submitted,



Richard D. Atkins, P.E.  
Technical Examiner



Michael Crnich  
Legal Examiner

**RAILROAD COMMISSION OF TEXAS  
HEARINGS DIVISION**

**OIL AND GAS DOCKET  
NO. 01-0281888**

**IN THE MINERVA-ROCKDALE FIELD  
MILAM COUNTY, TEXAS**

**FINAL ORDER  
RENUMBERING AND AMENDING FIELD RULES FOR THE  
MINERVA-ROCKDALE FIELD  
MILAM COUNTY, TEXAS**

The Commission finds that after statutory notice in the above-numbered docket heard on May 9, 2013, the presiding examiners have made and filed a report and recommendation containing findings of fact and conclusions of law, for which service was not required; that the proposed application is in compliance with all statutory requirements; and that this proceeding was duly submitted to the Railroad Commission of Texas at conference held in its offices in Austin, Texas.

The Commission, after review and due consideration of the examiners' report and recommendation, the findings of fact and conclusions of law contained therein, hereby adopts as its own the findings of fact and conclusions of law contained therein, and incorporates said findings of fact and conclusions of law as if fully set out and separately stated herein.

Therefore, it is **ORDERED** by the Railroad Commission of Texas that Field Rules for the Minerva-Rockdale Field, Milam County, Texas, adopted in Final Order No. 1-7,350, effective March 12, 1945, as amended, are hereby renumbered and amended. The renumbered and amended Field Rules are set out in their entirety below:

**RULE 1:** The entire correlative interval from 100 feet to 1,759 feet as shown on the log of the L C Smith Production (formerly Margo, Inc.) - Fritz Matzig Lease, Well No. 2 (API No. 42-331-32756), J Leal Survey, A-29, Milam County, Texas, shall be designated as a single reservoir for proration purposes and be designated as the Minerva-Rockdale Field.

**RULE 2:** No well for oil or gas shall hereafter be drilled nearer than ONE HUNDRED (100) feet to any property line, lease line or subdivision line. There is no minimum between well spacing limitation. The aforementioned distances in the above rule are minimum distances to allow an operator flexibility in locating a well, and the above spacing rule and the other rules to follow are for the purpose of permitting only one well to each drilling and proration unit. Provided however, that the Commission will grant exceptions to permit drilling within shorter distances and drilling more wells than herein prescribed whenever the Commission shall have determined that such exceptions are necessary either to prevent waste or to prevent the confiscation of property. When exception to these rules is desired, application therefor shall be filed and will be acted upon in accordance with the provisions of Commission Statewide Rules 37 and 38, which applicable provisions of said rules are incorporated herein by reference.

In applying this rule the general order of the Commission with relation to the subdivision of property shall be observed.

**RULE 3:** The acreage assigned to the individual oil well for the purpose of allocating allowable oil production thereto shall be known as a proration unit. The standard drilling and proration units are established hereby to be TWO (2) acres. No proration unit shall consist of more than TWO (2) acres except as hereinafter provided. All proration units shall consist of continuous and contiguous acreage which can reasonably be considered to be productive of oil. No double assignment of acreage will be accepted.

If after the drilling of the last well on any lease and the assignment of acreage to each well thereon in accordance with the regulations of the Commission there remains an additional unassigned acreage of less than TWO (2) acres, then and in such event the remaining unassigned acreage up to and including a total of ONE (1) acre may be assigned as tolerance acreage to the last well drilled on such lease or may be distributed among any group of wells located thereon, so long as the proration units resulting from the inclusion of such additional acreage meet the limitations prescribed by the Commission.

An operator, at his option, shall be permitted to form optional drilling units of ONE (1) acre. A proportional acreage allowable credit will be given for a well on a fractional proration unit.

For the determination of acreage credit in this field, operators shall file for each oil or gas well in this field a Form P-15 Statement of Productivity of Acreage Assigned to Proration Units. On that form or an attachment thereto, the operator shall list the number of acres that are being assigned to each well on the lease or unit for proration purposes. For oil or gas wells, operators shall be required to file, along with the Form P-15, a plat of the lease, unit or property; provided that such plat shall not be required to show individual proration units. There is no maximum diagonal limitation in this field.

**RULE 4:** The maximum daily oil allowable for a well in the field shall be determined by multiplying the MER Allowable of 18 barrels of oil per day by a fraction, the numerator of which is the acreage assigned to the well for proration purposes and the denominator of which is the maximum acreage authorized by these field rules for a well for proration purposes, exclusive of tolerance acreage.

Done this 9<sup>th</sup> day of July, 2013.

**RAILROAD COMMISSION OF TEXAS**

**(Order approved and signatures affixed by  
Hearings Divisions' Unprotested Master  
Order dated July 9, 2013)**