



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL AND GAS DOCKET NO. 06-0293126

THE APPLICATION OF VALENCE OPERATING COMPANY TO AMEND FIELD RULES FOR THE BECKVILLE (COTTON VALLEY) FIELD, HARRISON, PANOLA AND RUSK COUNTIES, TEXAS

HEARD BY: Paul Dubois – Technical Examiner
Marshall Enquist – Hearings Examiner

HEARING DATE: November 18, 2014

APPEARANCES:

REPRESENTING:

APPLICANT:

Andy Trevino

Valence Operating Company

EXAMINERS' REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Field Rules for the Beckville (Cotton Valley) Field were adopted in Final Order No. 06-0252075, effective August 14, 2007, as amended. Valence Operating Company (Valence) seeks to amend the field rules by reducing the take point spacing provisions to allow for 200-foot spacing between the first and last take point and the nearest lease line. The application is not protested. The examiners recommend the field rules be amended.

At the November 18, 2014, hearing, the Examiners requested two late filed exhibits from Valence: (1) a tabulation of the estimated additional reserves to be recovered by the proposed amendment, and (2) a map illustrating the location of wells completed in the Beckville (Cotton Valley) Field and wells completed in other nearby fields in the Cotton Valley Formation. The late-filed exhibits were received on January 29, 2015.

DISCUSSION OF THE EVIDENCE

The Beckville (Cotton Valley) Field is defined as the correlative interval from 8,850 feet to 10,300 feet as shown on the log of the Ben Brooks No. 1-D Well (API No.

42-365-35875). The November 2014, proration schedule identifies 400 wells in the field. The current field rules require all take points on a horizontal drainhole to be 330 feet from the nearest lease line. Valence requests to amend these provisions to provide for dual lease line take point requirements for horizontal wells. These provisions would be:

- The first and last take points are not nearer than TWO HUNDRED (200) feet to any property line, lease line or subdivision line.
- The distance perpendicular to such horizontal drainhole from any take point to any point on any property line, lease line or subdivision line shall be a minimum of THREE HUNDRED THIRTY (330) feet.

For a typical well in this field, Valence estimates the amended field rules will increase the average lateral length about 8.8 percent, increasing recovery by about 221 MMCF gas per well. Valence identified eight other Cotton Valley fields that have dual lease line spacing provisions.

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. Current field rules require all take points on a horizontal well to be 330 feet from the nearest lease line.
3. The proposed field rules will enable operators to drill longer laterals and recover more hydrocarbons.
4. Eight other Cotton Valley fields have dual lease line spacing provisions.
5. The amended field rules will increase the average lateral length about 8.8 percent.
6. The amended field rules will increase recovery by about 221 MMCF gas per well.

CONCLUSIONS OF LAW

1. Resolution of the subject application is a matter committed to the jurisdiction of the Railroad Commission of Texas. Tex. Nat. Res. Code § 81.051
2. All notice requirements have been satisfied. 16 Tex. Admin. Code § 1.45

3. The proposed field rules will prevent waste and promote the orderly development of the Beckville (Cotton Valley) Field.

RECOMMENDATION

Based on the above findings of fact and conclusions of law, the examiners recommend that the Commission amend field rules for the Beckville (Cotton Valley) Field, as requested by Valence Operating Company.



Paul Dubois
Technical Examiner

Respectfully submitted,



Marshall Enquist
Hearings Examiner