



# RAILROAD COMMISSION OF TEXAS

## HEARINGS DIVISION

**OIL AND GAS DOCKET NO. 08-0293840**

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**THE APPLICATION OF SEABOARD OPERATING CO. TO CONSOLIDATE THE REGAN-EDWARDS (DELAWARE, UPPER) FIELD, QUITO (DELAWARE SAND) FIELD, AND THE QUITO, SOUTH (OLDS DELAWARE) FIELD INTO THE QUITO (DELAWARE-CONSOLIDATED) FIELD AND TO ADOPT FIELD RULES FOR THE QUITO (DELAWARE-CONSOLIDATED) FIELD WARD COUNTY, TEXAS**

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**HEARD BY:** Karl Caldwell – Technical Examiner  
Terry Johnson – Legal Examiner

**HEARING DATE:** January 6, 2015  
**CONFERENCE DATE:** April 8, 2015

**APPEARANCES:**

**REPRESENTING:**

**APPLICANT:**

Seaboard Operating Co.

William Hayenga  
Steven Runyan  
Ed Runyan

### EXAMINERS' REPORT AND RECOMMENDATION

#### STATEMENT OF THE CASE

Seaboard Operating Co. (Seaboard) requests to consolidate three fields that currently contain Seaboard wells into a single field and to adopt field rules for the consolidated field. Seaboard proposes to adopt the following permanent field rules:

1. 4,768 feet to 5,064 feet as shown on the Seaboard Operating Company Warthog No. 2 (API No. 42-475-36533), Section 195, Block 34, HT&C RR CO Survey, Ward County, Texas, to be designated as a single reservoir for proration purposes and be designated as the Quito (Delaware-Consolidated) Field;

2. 330' lease line spacing with no minimum between well spacing (330'-0');
3. 40 acre proration units, with optional 20 acre units;
4. Allocation formula based on 95% per well, 5% acres, 1947 Yardstick.

Notice of the application was sent to all operators with wells in the fields to be consolidated. The application is not protested. The Examiners recommend the field consolidation be approved and field rules adopted for the Quito (Delaware-Consolidated) Field as proposed by Seaboard.

### DISCUSSION OF THE EVIDENCE

The Regan-Edwards (Delaware, Upper) Field was discovered on January 3, 1957 at a depth of 4,757 feet. The field is currently under Statewide rules. Operators in the field are Endeavor Energy Resources L.P. and Seaboard Operating Co. Cumulative production from the field is 299,483 BO.

The Quito (Delaware Sand) Field was discovered on April 5, 1953 at a depth of 4,934 feet. Special field rules were adopted on January 11, 1954. These field rules include lease line spacing of 330 feet and 660 feet between well spacing. The standard proration unit for the field is 20 acres, with optional 10 acre density units. The allocation formula for the field is based on two factors, 75% acreage and 25% producing wells in the field. Operators in the field are Seaboard Operating Co., Kerr-McGee Oil & Gas Onshore, LP, Simon, W.D. Oil Co., and Texon Oil Company, Inc. Cumulative production from the field is 2,463,985 BO.

The Quito, South (Olds Delaware) Field was discovered on May 24, 1967 at a depth of 4,850 feet. The field currently operates under Statewide rules. Seaboard is the only operator currently in the field. Cumulative production from the field is 68,864 BO.

Seaboard is requesting to consolidate the three fields listed above into a field to be named the Quito (Delaware-Consolidated) Field. According to Seaboard's witness, the average pay thickness is approximately 15 feet thick and there tends to be only one productive sand interval per well. The average porosity of the pay sand is 20.8%, the average permeability is 5 md, but varies from 1 to 10 md. The average oil saturation is 65% with an average water saturation of 35%. The average API gravity of the oil produced is 42° API. The proven oil acreage is 11,500 acres and the formation volume factor is 1.245. The original reservoir pressure was 2,385 psi.

Seaboard is proposing lease line spacing of 330 feet for the consolidated field, which would match the current lease line spacing in one of the fields requesting to be

consolidated, the Quito (Delaware Sand) Field. Seaboard is proposing no between well spacing for the consolidated field due to general field congestion, with numerous lease roads, frac ponds, pipeline surface obstructions, as well as tributaries and field channels extending from a dry lake bed, which all limit the availability of new well locations. In addition, horizontal well development in the field requires a larger pad size and tank batteries as compared to vertical wells, which also restricts the ability to place wells. No minimum between well spacing will afford operators in the field greater flexibility in placing wells to maximum productivity and prevent waste. Since two of the three fields requesting to be consolidated were discovered prior to 1965, Seaboard is requesting that the consolidated field be under the 1947 Yardstick.

### **FINDINGS OF FACT**

1. Notice of the application was sent to all operators with wells in the fields subject to the application at least ten days prior to the date of hearing and no protests were received.
2. The Regan-Edwards (Delaware, Upper) Field was discovered on January 3, 1957 at a depth of 4,757 feet. The field is currently under Statewide rules.
3. The Quito (Delaware Sand) Field was discovered on April 5, 1953 at a depth of 4,934 feet. Special field rules were adopted on January 11, 1954.
4. The Quito, South (Olds Delaware) Field was discovered on May 24, 1967 at a depth of 4,850 feet. The field is currently under Statewide rules.
5. The current lease line spacing in the Quito (Delaware Sand) Field is 330 feet.
6. The surface of the subject fields contain numerous lease roads, frac ponds, and pipeline obstructions, as well as tributaries and field channels extending from a dry lake bed, which limit the availability of new well locations.
7. No minimum between well spacing will prevent waste.
8. The Regan-Edwards (Delaware, Upper) Field and the Quito (Delaware Sand) Field were discovered prior to 1965.

**CONCLUSIONS OF LAW**

1. Proper notice was issued as required by all applicable statutes and regulatory codes.
2. All things have occurred and been accomplished to give the Commission jurisdiction in this matter.
3. Consolidating the Regan-Edwards (Delaware, Upper) Field, Quito (Delaware Sand) Field, and the Quito, South (Olds Delaware) Field into the Quito (Delaware-Consolidated) Field and adopting special field rules will prevent waste.

**EXAMINERS' RECOMMENDATION**

Based on the above findings of fact and conclusions of law, the Examiners recommend that the Commission approve the field consolidation and adopt permanent field rules for the proposed Quito (Delaware-Consolidated) Field, Ward County, Texas as requested by Seaboard Operating Co.

Respectfully submitted,



Karl Caldwell  
Technical Examiner



Terry Johnson  
Legal Examiner