



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL AND GAS DOCKET NO. 8A-0301270

THE APPLICATION OF WISHBONE TEXAS OPERATING CO., LLC TO AMEND AND MAKE PERMANENT THE FIELD RULES FOR THE JANICE (WOLFCAMP) FIELD, YOAKUM COUNTY, TEXAS

HEARD BY: Karl Caldwell – Technical Examiner
Marshall Enquist – Administrative Law Judge

HEARING DATE: September 15, 2016
CONFERENCE DATE: November 15, 2016

APPEARANCES: **REPRESENTING:**

APPLICANT: Wishbone Texas Operating Co., LLC

Bill Spencer
Jim Clark
Kevin Ikel

EXAMINERS' REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Temporary field rules for the Janice (Wolfcamp) Field, Yoakum County, Texas, were adopted in Final Order No. 8A-79,712, effective July 11, 1983, and made permanent in Final Order No. 8A-84,097, effective January 14, 1985. The current field rules in effect for the field are summarized as follows:

- Rule 1: 660'-1,320' well spacing;
- Rule 2: 40-acre oil units with 20-acre tolerance, 2,100' maximum diagonal;
and
- Rule 3: Allocation based on 100% acres.

Wishbone Texas Operating Co., LLC ("Wishbone") requests that the field rules for the Janice (Wolfcamp) Field be amended as follows:

- Rule 1: Correlative interval from 8,804 feet to 9,408 feet as shown on the Neutron Log /Compensated Neutron Z-Densilog of the EnergyPro Inc. - Eloise Evans #1 (API No. 42-501-34292), Section 664, Block D, J.H. Gibson/W.M. Johnson Survey A-1530; Yoakum County, Texas, shall be designated as a single reservoir for proration purposes and be designated as the Janice (Wolfcamp) Field;
- Rule 2: 330'-660' well spacing with no minimum well spacing between vertical and horizontal wells. Adopt dual lease-line spacing rule for horizontal wells of 100' lease line spacing for first and last take points, 330' feet lease-line spacing for all other take points;
- Rule 3: Standard proration unit of 160 acres for oil wells with optional 40 acres.
- Rule 4: Allocation formula of 5% per well / 95% acreage.

All operators listed on the most recent proration schedule for the Janice (Wolfcamp) Field were provided notice of the hearing. Wishbone received waivers from both Barnett Energy, Inc. and Great Texas Crude Inc., the only operators other than Wishbone listed on the most current proration schedule for the Janice (Wolfcamp) Field. The application is unopposed and the Examiners recommend approval of the application.

DISCUSSION OF THE EVIDENCE

The Janice (Wolfcamp) Field was discovered on June 2, 1981. The current field rules were made permanent on January 14, 1985, but have not been updated since that time. There are currently three operators in the field, and four active wells in the field, two of which are operated by Wishbone. Oil production in the Janice (Wolfcamp) Field spiked in early-2016 with Wishbone's completion of the first horizontal well in the field.

The field has never had a formally designated field interval and Wishbone proposes to designate the entire Wolfcamp Formation as the field interval. The proposed field interval is shown from 8,804 feet to 9,408 feet on the Neutron Log /Compensated Neutron Z-Densilog of the EnergyPro Inc. - Eloise Evans #1 (API No. 42-501-34292).

The Janice (Wolfcamp) Field is currently on 40-acre density, 660' lease line spacing and 1,320' between well spacing. Wishbone is requesting a density rule of 160 acres with optional 40 acre acres, as drainage calculations indicate the drainage area of wells in the field vary from 21 and 140 acres. Wishbone also requests to adopt a dual-lease line spacing rule of 330'- 100' for horizontal well completions in the field. Wishbone's engineering witness James Clark, PE, estimates recoverable reserves would be left in the ground without the proposed dual-lease line spacing rule. Mr. Clark believes drainage is in an east-west direction, and only slightly in a north-south

direction, which is the basis for the dual-lease line spacing rule request. The Platang (San Andres) Field, overlies the Janice (Wolfcamp) Field, and has the identical spacing rule that Wishbone is requesting for the Janice (Wolfcamp) Field. Many of the wells that will be drilled and completed in the Janice (Wolfcamp) Field have future re-completion potential in the Platang (San Andres) Field. Wishbone has rights to develop the San Andres interval on their leases, and in the future, may move up-hole and complete in the San Andres interval. Therefore, Wishbone is requesting consistency between the overlying and underlying fields with respect to well spacing. Wishbone is also requesting to change the allocation formula to 5% per well, 95% acres, which is the same as that in the Platang (San Andres) Field.

FINDINGS OF FACT

1. Notice of this hearing was provided to all operators in the field at least ten (10) days prior to the date of the hearing and no protests were received.
2. The current field rules were made permanent on January 14, 1985, but have not been updated since that time.
3. The current field rules do not contain a correlative interval for the field. Wishbone proposes to adopt a correlative interval from 8,804 feet to 9,408 feet as shown on the Neutron Log /Compensated Neutron Z-Densilog of the EnergyPro Inc. - Eloise Evans #1 (API No. 42-501-34292), Section 664, Block D, J.H. Gibson/W.M. Johnson Survey A-1530; Yoakum County, Texas, shall be designated as a single reservoir for proration purposes as the Janice (Wolfcamp) Field.
4. Oil production in the Janice (Wolfcamp) Field spiked in early-2016 with Wishbone's completion of the first horizontal well in the field.
5. Wishbone is requesting to adopt dual-lease line spacing rules for horizontal wells in the field.
 - a. Without the proposed dual-lease line spacing rule recoverable reserves would be left in the ground;
 - b. The Platang (San Andres) Field overlies the Janice (Wolfcamp) Field;
 - c. The Platang (San Andres) Field has the identical lease-line, and dual-lease line spacing rule for horizontal wells that Wishbone is requesting for the Janice (Wolfcamp) Field;
 - d. Many of the wells that will be drilled and completed in the Janice (Wolfcamp) Field have future re-completion potential in the Platang (San Andres) Field; and

- e. Wishbone has rights to develop the San Andres interval on their leases, and may move up-hole and complete in the San Andres interval in the future.
- 6. The Platang (San Andres) Field, overlies the Janice (Wolfcamp) Field, and has the identical spacing rule that Wishbone is requesting for the Janice (Wolfcamp) Field.
- 7. Wishbone is also requesting to change the allocation formula to 5% per well, 95% acres, which is the same as that in the Platang (San Andres) Field.
- 8. Wishbone is requesting a density rule of 160 acres with optional 40 acre acres, as drainage calculations indicate the drainage area of wells in the field vary from 21 and 140 acres.
- 9. Wishbone agreed in writing, that, pursuant to the provisions of Texas Government Code §2001.144(a)(4)(A), this Final Order shall be effective on the date a Master Order relating to this Final Order is signed.

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. Amending the field rules for the Janice (Wolfcamp) Field will prevent waste.
- 4. Pursuant to §2001.144(a)(4)(A), of the Texas Government Code, and the consent of the applicants, this Final Order is effective when a Master Order relating to this Final Order is signed on November 15, 2016.

EXAMINERS' RECOMMENDATION

Based on the above findings of fact and conclusions of law, the Examiners recommend that the Commission amend the field rules for the Janice (Wolfcamp) Field, Yoakum County, Texas.

Respectfully submitted,



Karl Caldwell
Technical Examiner



Marshall Enquist
Administrative Law Judge