

**OIL AND GAS DOCKET NO. 08-0270155**

---

**THE APPLICATION OF CHEVRON MIDCONTINENT, L.P. TO CONSOLIDATE THE PARKER (WOLFCAMP) AND PARKER (PENNSYLVANIAN) FIELDS INTO THE PARKER (WOLFCAMP CONSOLIDATED) FIELD, TO ADOPT FIELD RULES FOR THE PARKER (WOLFCAMP CONSOLIDATED) FIELD, AND TO APPROVE ENTITY-FOR-DENSITY AUTHORITY FOR THE PARKER UNIT, ANDREWS COUNTY, TEXAS**

---

**Heard by:** Brian K. Fancher - Technical Examiner

**Date of Hearing:** August 09, 2011

**Appearances:**

**Representing:**

Brian R. Sullivan, P.E.  
David Forand  
John Hagar  
Ashley Lefler  
Alexei V. Vyssotski

Chevron Midcontinent, L.P.

**EXAMINER'S REPORT AND RECOMMENDATION**

**STATEMENT OF THE CASE**

Chevron Midcontinent, L.P. ("Chevron") requests to consolidate the Parker (Wolfcamp) and Parker (Pennsylvanian) Fields into a new field to be known as the Parker (Wolfcamp Consolidated) Field, ID Number 69193 800. The fields proposed for consolidation are as follows:

<b><u>FIELD NAME</u></b>	<b><u>FIELD NUMBER</u></b>
Parker (Wolfcamp)	69193 710
Parker (Pennsylvanian)	69193 568

Chevron requests that the following rules be adopted for the proposed field:

1. Designation of the field as the correlative interval from 8,556 feet to 9,740 feet, as shown on the log of the Union Oil of California, Bessie O. Parker "11" Lease, Well No. 1 (now the Parker Unit 28-11A).

2. 467' lease line spacing and 1,120' between well spacing.
3. 40 acre density units with 20 acre tolerance.
4. Allocation based on 75% acreage and 25% per well.
5. An allowable of 142 barrels of oil per day based upon the 1965 Allowable Yardstick of 40 acre density for depths between 8,500 feet and 9,000 feet.

This application initially requested approval for the Chevron, Parker Unit to obtain the status of entity-for-density, along with the approval for the proposed field consolidation and proposed field rules; however, due to the subject docket comprising of an application for field consolidation and adoption of permanent field rules, the examiner opined it was appropriate to sever the application of entity-for-density for the Parker Unit from the final order prescribing the field consolidation and field rules, and create a separate final order for the approval of the entity-for-density request. This action was made in an effort to maintain consistency with the majority of field rules under the jurisdiction of The Railroad Commission of Texas.

The application was unopposed and the examiner recommends approval of Chevron's request for field consolidation and adoption of the proposed field rules.

### **DISCUSSION OF THE EVIDENCE**

The Parker (Wolfcamp) and the Parker (Pennsylvanian) Fields were discovered in September 1953 and July 1954 at an average depth of 8,500 feet and 9,100 feet, respectively. The Parker (Wolfcamp) Field is classified as an oil field. Currently, there are three operators listed on the oil proration schedule. Chevron Midcontinent, L.P. is substantially the largest operator in the field. Cumulative production through July 2011 is 5.74 MMBO and 8.59 MMCF. The Parker (Pennsylvanian) Field is also classified as an oil field. The largest operator in the field is Chevron. Cumulative production through July 2011 is 5.97 MMBO and 6.33 MMCF. Both fields currently operate under special field rules of 467' lease line spacing and 1,120' well spacing, 40 acre density units with 20 acre tolerance, and an allocation formula based on 75% acreage and 25% per well. The two fields are stratigraphically situated so that the Wolfcamp formation is positioned above the Pennsylvanian formation. Both fields are structurally located near the eastern edge of the Central Basin Platform. Chevron testified it seeks to emulate field rules for the proposed field similar with the existing field rules for the two aforementioned fields, with the exception of the 142 barrel of oil per day MER allowable that only exists for the Parker (Wolfcamp) Field.

Chevron is proposing to consolidate the two fields into the Parker (Wolfcamp Consolidated) Field. The proposed designated interval for the consolidated field is the entire correlative interval from 8,556 feet to 9,740 feet, as shown on the log of the Union

Oil of California, Bessie O. Parker "11" Lease, Well No. 1 (now the Parker Unit 28-11A), API No. 42-003-35610, Section 11, Block A-43, P.S.L. Survey, Andrews County, Texas. Chevron opines there are no other fields contained within the proposed correlative interval. As previously mentioned, the proposed interval incorporates portions of the Wolfcamp and Pennsylvanian formations, if not present in their entirety. In the geographical area of the proposed field, the Wolfcamp formation has been determined to consist of detritus material predominately comprised of Permian-aged calcium carbonate strata. The Pennsylvanian formation, which chronostratigraphically contains the Cisco, Canyon, Strawn and Atoka/Bend units, has been determined to consist of limestone, shale, and interbedded sandstone sequences. The proposed designated interval from 8,556 feet to 9,740 feet, as shown on the log of the Union Oil of California, Bessie O. Parker "11" Lease, Well No. 1 (now the Parker Unit 28-11A), API No. 42-003-35610, Section 11, Block A-43, P.S.L. Survey, Andrews County, Texas, is the same designated interval that was approved in the unitization application for the Parker Unit in August 1994 (Oil & Gas Docket 08-0205814). Chevron indicates it is seeking to conform it's proposed designated interval for the proposed Parker (Wolfcamp Consolidated) Field to the same correlative interval approved for the Parker Unit.

Chevron is proposing that the Parker (Wolfcamp Consolidated) Field operate under the proposed field rules of 467'-1,120' well spacing and 40 acre density units with 20 acre tolerance to allow for future development. Chevron indicates it will be actively developing the proposed interval by drilling infill wells and reactivating areas of the Parker Unit that are currently inactive. Chevron states it wishes to adopt the proposed field rules for the Parker (Wolfcamp Consolidated) Field consistent with those currently defining the Parker (Wolfcamp) and Parker (Pennsylvanian) Fields.

State statutes require that a two factor allocation formula be adopted for the proposed field designation to be considered a single field. Chevron requests that the allocation formula be based on 75% acreage and 25% per well.

### **FINDINGS OF FACT**

1. Notice of this hearing was given to all persons entitled to notice and there were no protests.
2. The Parker (Wolfcamp) and the Parker (Pennsylvanian) Fields were discovered in September 1953 and July 1954 at an average depth of 8,500 feet and 9,100 feet, respectively.
3. The Parker (Wolfcamp) Field is classified as an oil field. Currently, there are three operators listed on the oil proration schedule. Chevron Midcontinent, L.P. is substantially the largest operator in the field.
4. The Parker (Pennsylvanian) Field is also classified as an oil field. The largest operator in the field is Chevron.

5. Consolidation of the Parker (Wolfcamp) and the Parker (Pennsylvanian) Fields into the Parker (Wolfcamp Consolidated) Field is appropriate.
6. The correlative interval measured from 8,556 feet to 9,740 feet, as shown on the log of the Union Oil of California, Bessie O. Parker "11" Lease, Well No. 1 (now the Parker Unit 28-11A), API No. 42-003-35610, Section 11, Block A-43, P.S.L. Survey, Andrews County, Texas, shall be the designated interval for the Parker (Wolfcamp Consolidated) Field. The Parker (Wolfcamp Consolidated) Field is the same interval that was approved for unitization of the Parker Unit in August 1994 (Oil & Gas Docket 08-0205814).
7. The designated interval for the proposed field incorporates portions of the Wolfcamp and Pennsylvanian formations, if not present in their entirety.
8. In the geographical area of the proposed field, the Wolfcamp formation has been determined to consist of detritus material predominately comprised of Permian-aged calcium carbonate. The Pennsylvanian formation, which chronostratigraphically contains the Cisco, Canyon, Strawn and Atoka/Bend units, has been determined to consist of limestone, shale, and interbedded sandstone sequences.
9. The proposed field rules for the Parker (Wolfcamp Consolidated) Field of 467'-1,120' well spacing and 40 acre density units with 20 acre tolerance are appropriate to allow for future development.
10. Allocation based on 75% acreage and 25% per well is appropriate for the proposed field.

#### **CONCLUSIONS OF LAW**

1. Proper notice of this hearing was given to all persons legally entitled to notice.
2. All things have occurred or been accomplished to give the Railroad Commission jurisdiction in this matter.
3. Consolidation of the fields as proposed by Chevron Midcontinent, L.P. is necessary to prevent waste and protect correlative rights.
4. The proposed field rules will prevent waste, protect correlative rights, and promote development of the field.

**EXAMINER'S RECOMMENDATION**

Based on the above findings of fact and conclusions of law, the examiner recommends that the Commission consolidate the Parker (Wolfcamp) and Parker (Pennsylvanian) Fields into the proposed Parker (Wolfcamp Consolidated) Field and adopt permanent field rules for the Parker (Wolfcamp Consolidated) Field, as proposed by Chevron.

Respectfully submitted,

Brian K. Fancher  
Technical Examiner