



# RAILROAD COMMISSION OF TEXAS

## OFFICE OF GENERAL COUNSEL

OIL AND GAS DOCKET NO. 01-0253960

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THE APPLICATION OF THREE FORKS OPERATING CO., LLC TO AMEND THE FIELD RULES FOR THE W. C. FINCH (SIMSBORO 1900) FIELD, MILAM COUNTY, TEXAS

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Heard by: Donna K. Chandler on January 23, 2008

**Appearances:**

James Mann  
Bob Devine  
Terry Payne  
David Klatt

**Representing:**

Three Forks Operating Co., LLC

### EXAMINER'S REPORT AND RECOMMENDATION

#### STATEMENT OF THE CASE

Field rules for the W. C. Finch (Simsboro 1900) Field were adopted on March 13, 1989 in Docket No. 1-91,778. The rules in effect for the field are summarized as follows:

1. 150'-300' well spacing;
2. 5 acre oil units with a maximum diagonal of 1,100 feet;
3. Top allowable of 17 BOPD; 100% acreage allocation.

Three Forks Operating Co, LLC requests that the field rules be amended as follows:

1. 150'-0' well spacing;
2. 5 acre units with optional 2 acre units;
3. Capacity allowable.

This application was unopposed and the examiner recommends that the field rules for the W. C. Finch (Simsboro 1900) Field be amended as proposed by Three Forks.

### DISCUSSION OF THE EVIDENCE

The W. C. Finch (Simsboro 1900) Field was discovered in 1986. There are currently 21 producing wells in the field and two operators. The second operator in the field besides Three Forks is Stanley H. Rosenthal.

The original oil-water contact in the field was 1,468 feet subset. The reservoir has a strong bottom water drive but the contact has moved very little based on cores taken from recent wells. The oil produced in the field is 17° API.

The T.R.U. Unit operated by Three Forks has produced about 170,000 BO and there are currently five producing wells on the lease. Based on the current production decline, ultimate recovery from the lease will be about 220,000 BO, or about 38,000 BO per well. This represents only about 19% recovery. The expected recovery for a water drive field is 36-39%. To achieve this recovery, additional wells are needed.

Similarly, the Underwood lease operated by Three Forks has produced about 250,000 BO. There are eight wells currently producing on this lease. Estimated ultimate recovery with the current development is about 350,000 BO, or about 37,000 BO per well. This represents less than 20% recovery and indicates the need to develop more densely.

Production curves for both fields indicate that new wells are encountering reserves not being drained by existing wells. Sharp increases in lease production are noted each time a new well is brought on.

Three Forks requests that the field be classified as salvage so that there will be no restrictions on production from new wells. The very heavy oil causes production problems and there is no waste preventative reason to restrict production to 18 BOPD. The wells produce no casinghead gas.

Three Forks requests that the between-well spacing requirement be eliminated in this field. This would provide operators flexibility in locating wells at optimum structural locations.

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### FINDINGS OF FACT

1. Notice of this hearing was given to all persons entitled to notice at least ten days prior to the date of hearing.
2. Field rules for the W. C. Finch (Simsboro 1900) Field provide for 150'-300' well spacing, 5 acre oil units and 100% acreage allocation.
3. The W. C. Finch (Simsboro 1900) Field was discovered in 1986 and there are currently 21 producing wells in the field and two operators.

4. The reservoir had a strong bottom water drive but the original oil-water contact in the field has remained constant at about 1,468 feet subset based on cores.
5. The oil produced in the field is 17° API.
6. Denser development is necessary in the field to maximize recovery.
  - a. The T.R.U. Unit has five producing wells and will ultimately recover about 220,000 BO. This represents only 19% recovery efficiency.
  - b. The Underwood lease has eight producing wells and will ultimately recover about 350,000 BO. This represents about 20% recovery efficiency.
  - c. Expected recovery in a water drive reservoir is 35-40%.
  - d. New wells drilled in the field are encountering reserves not being drained by existing wells. Sharp increases in lease production are noted each time a new well is brought on.
7. Salvage classification of the field will not cause waste.
  - a. Salvage classification will allow unrestricted production.
  - b. The very heavy oil causes production problems.
  - c. The wells produce no casinghead gas.
8. Elimination of the between-well spacing rule will provide operators flexibility in locating wells at optimum structural locations.

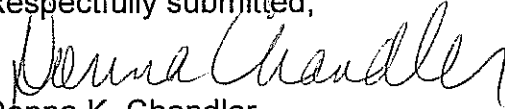
**CONCLUSIONS OF LAW**

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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. Amending the field rules for the W. C. Finch (Simsboro 1900) Field as proposed by Three Forks Operating Co, LLC is necessary to prevent waste and protect correlative rights.

**EXAMINER'S RECOMMENDATION**

Based on the above findings and conclusions, the examiner recommends that the Field rules for the W. C. Finch (Simsboro 1900) Field be amended to eliminate the between-well spacing rule and to add optional 2 acre density.

Respectfully submitted,



Donna K. Chandler  
Technical Hearings Examiner