

Railroad Commission of Texas

HEARINGS DIVISION

OIL AND GAS DOCKET NO. 01-0280513

THE APPLICATION OF ANADARKO E & P COMPANY ONSHORE, L.P. TO AMEND FIELD RULES FOR THE BRISCOE RANCH (EAGLEFORD) FIELD, VARIOUS COUNTIES, TEXAS

HEARD BY:

Andres J. Trevino, P.E. - Technical Examiner

Michael Crnich-Legal Examiner

HEARING DATE:

March 1, 2013

APPEARANCES:

REPRESENTING:

APPLICANT:

Ana Maria Marsland-Griffith

David Christian

Anadarko E&P Company Onshore, L.P.

OBSERVERS:

Sandra B. Buch Meri Lynn Gobran Troy Hoefer

Pioneer Natural Resources USA, Inc.

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

This is the unprotested application of Anadarko E&P Company Onshore, L.P. (Anadarko) to amend the field rules as last amended in Order No. 01-0270639, effective July 26, 2011, for the Briscoe Ranch (Eagleford) Field that currently provide for the following:

1. Correlative interval from 7,160 feet to 7,535 feet as shown on the log of the TXCO Resources Inc. Briscoe Catarina West, Well No. 1:

- 2. 330'-0' well spacing, 100' spacing first and last take point, take points, NPZ's, 33 foot box rule, off lease penetration;
- 3. 80 acre oil units, with 40 acre tolerance and a 3,250 feet maximum diagonal, 80 acre gas units with 10% tolerance and a 3,250 feet maximum diagonal, no individual plats;
- 4. Allocation based on 100% per well, 800 BOPD MER allowable;
- 5. Six month tubing exception rule;
- 6. Six month 10 day filing of completion reports exception rule.

Anadarko requests that field rules be amended to allow optional 40 acre density for oil and gas wells. This application was unprotested and the examiners recommend that the field rules for the Briscoe Ranch (Eagleford) Field be amended as requested.

DISCUSSION OF EVIDENCE

The Briscoe Ranch (Eagleford) Field was discovered in 2007 at a depth of approximately 9,512 feet. As of March 2013, there are 3,381 permitted horizontal wells in the field of which Anadarko operates 520 wells.

The proposed amended rules are to add 40 acre optional units for both oil and gas wells. Horizontal field development indicates the Eagleford shale reservoir can support 40 acre density. Wireline data indicate reservoir properties of the Eagleford shale in south central Dimmit County include an average productive thickness of 140 feet, porosity of 11% and an average water saturation of 18%. Petrophysical data indicates a typical 640 acre unit contains 185 BCF of gas equivalent of which 56 BCF is recoverable (30.2%). An average well that Anadarko operates will recover 4 BCF of gas equivalent and, therefore, will need a minimum of 14 wells per 640 acre unit or 45 acres per well. Anadarko has experimented with various well spacing patterns from 300 feet apart to 500 feet apart. Anadarko found minimal interference between wells drilled as close as 300 feet apart that would be required for 40 acre density development. Similar optional units have been adopted in other Eagleford fields such as the Eagleville (Eagleford-1) Field, Eagleville (Eagleford-2) Field and the Gates Ranch (Eagle Ford Shale) Field. The proposed amended rules will allow greater flexibility in locating wells to more effectively and efficiently drain the reservoir and prevent waste.

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. Special field rules for the Briscoe Ranch (Eagleford) Field provide for 330'-0' well spacing, 100' spacing first and last take point, take points, NPZ's, 33 foot box rule, off lease penetration, 80 acre oil and gas units, and allocation based on 100% per well, 800 BOPD MER, six month exception for tubing and completion filing requirements.
- 3. The Briscoe Ranch (Eagleford) Field was discovered in 2007 at a depth of approximately 9,512 feet.
- 4. As of March 2013, there are 3,381 permitted horizontal wells in the field of which Anadarko operates 520 wells.
- 5. Horizontal field development indicates the Eagleford shale reservoir can support optional 40 acre density.
 - a. Wireline data indicate reservoir properties of the Eagleford shale in south central Dimmit County include an average productive thickness of 140 feet, porosity of 11% and an average water saturation of 18%.
 - b. Petrophysical data indicates a typical 640 acre unit contains 185 BCF of gas equivalent of which 56 BCF is recoverable (30.2%). An average well that Anadarko operates will recover 4 BCF of gas equivalent.
 - c. An average well that Anadarko operates will recover 4 BCF of gas equivalent and,therefore, will drain 45 acres per well.
 - d. Anadarko has experimented with various well spacing patterns from 300 feet apart to 500 feet apart.
 - e. Anadarko found minimal interference between wells drilled as close as 300 feet apart that would be required for 40 acre density development.
- 6. Similar optional units have been adopted in other Eagleford fields such as the Eagleville (Eagleford-1) Field, Eagleville (Eagleford-2) Field and the Gates Ranch (Eagle Ford Shale) Field.
- 7. Development of the field with optional 40 acre units will allow infill drilling to maximize recovery from the field.

CONCLUSIONS OF LAW

1. Proper notice of this hearing was issued.

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- 2. All things have been accomplished or have occurred to give the Commission jurisdiction in this matter.
- 3. Amending field rules for the Briscoe Ranch (Eagleford) Field is necessary to prevent waste and protect correlative rights.

RECOMMENDATION

Based on the above findings and conclusions of law, the examiners recommend that field rules for the Briscoe Ranch (Eagleford) Field be amended to provide for optional 40 acre density.

Respectfully submitted,

Andres J. Trevino, P.E. Technical Examiner

Michael Crnich Legal Examiner