



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL AND GAS DOCKET NO. 03-0283753

THE APPLICATION OF CLAYTON WILLIAMS ENERGY, INC. TO AMEND FIELD RULES
FOR THE GIDDINGS (EAGLEFORD) FIELD, LEE COUNTY, TEXAS

HEARD BY: Paul Dubois - Technical Examiner
Marshall Enquist - Legal Examiner

HEARING DATE: August 15, 2013

APPEARANCES: REPRESENTING:

APPLICANT:

Doug Dashiell
Rick Johnston

Clayton Williams Energy, Inc.

EXAMINERS' REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

This is the application of Clayton Williams Energy, Inc. (Williams), to amend field rules for the Giddings (Eagleford) Field (ID No. 34733 610) in Lee County, Texas. The current field rules were adopted by Commission Final Order (Docket No. 03-0280357) on March 26, 2013, and are summarized below:

1. Designated correlative interval from 8,624 feet to 8,965 feet as shown on the log of the W. H. Giesenschlag "C" Lease, Well No. 1 (API No. 42-051-31485);
2. 467'-0' well spacing with special provisions for take points, 50 foot box rule and off-lease penetration point for horizontal drainhole wells;
3. 160 acre oil units with optional 80 acre density, special formula for allocating acreage to horizontal drainhole wells;
4. Allocation based on 100% acres;

Williams requests that the Field Rules for the Giddings (Eagleford) Field be amended as shown below:

1. No change;
2. Amend well spacing to 330'-0', amend take point provisions to 330'-100' spacing, and amend box rule to 33' half length;
3. No change to field density, but remove the requirement that proration plats identify individual proration units;
4. No change;
5. Adopt a provision for stacked lateral wells.

The examiners recommend that the Field Rules for the Giddings (Eagleford) Field be adopted, as requested by Clayton Williams.

DISCUSSION OF EVIDENCE

The Giddings (Eagleford) Field was discovered in July 1981 at a depth of 8,820 feet. Following discovery, there was little development until 2008 when the second well was completed. Currently there are 39 producing oil wells and one producing gas well carried on the proration schedules. Cumulative production from the field is 711.89 MBO and 471.29 MMFG.

Permanent field rules were established for the field by Commission Final Order (Docket No. 03-0280357) on March 26, 2013. The adopted rules included common provisions for horizontal wells and a lease line spacing limit of 467 feet. Other fields along the Eagle Ford trend have lease line spacing limits of 330 feet. As the various fields have been developed – in particular the Eagleville (Eagle Ford-1 and -2) Fields to the southwest and the Aguila Vado (Eagleford) Field to the northeast – the field areas have grown together and in some areas overlapped. This is particularly true of the Giddings (Eagleford) and Aguila Vado (Eagleford) Fields in Brazos County. Williams is therefore requesting a 330 foot lease line spacing for the Giddings (Eagleford) Field for parity with the other neighboring Eagle Ford fields.

With the reduction in lease line spacing from 467 to 330 feet, Williams is also seeking a complementary reduction in the half-width of the tolerance box for horizontal wells. Reducing the half-width from 50 to 33 feet will keep the tolerance standard within approximately 10 percent of the permitted wellbore path. Similarly, Williams is requesting that the take point provisions of the field rules be adjusted to allow for 100-foot spacing of first and last take points from property, lease or subdivision lines, provided a perpendicular distance limit of 330 feet is maintained for all take points along the horizontal wellbore.

With the reduction in lease line spacing from 467 to 330 feet, Williams is also seeking a complementary reduction in the half-width of the tolerance box for horizontal wells. Reducing the half-width from 50 to 33 feet will keep the tolerance standard within approximately 10 percent of the permitted wellbore path.

The Eagle Ford formation thickens to the northeast in District 3. Therefore, Williams is also requesting provisions be added to the field rules for stacked lateral wells. While the southwestern part of the Giddings (Eagleford) Field may not have the thickness to support stacked lateral wells, the northeastern part of the field may, particularly as operators attempt to optimize spacing arrangements.

FINDINGS OF FACT

1. Notice of this hearing was given to all persons entitled to notice and no protests were received.
2. The Giddings (Eagleford) Field was discovered in July 1981.
3. There are 39 producing oil wells and one gas well carried on the proration schedules.
4. Cumulative production from the field is 711.89 MBO and 471.29 MMFG.
5. Development of the Giddings (Eagleford) Field is merging with and at times overlapping the development of the neighboring Aguila Vado (Eagleford) Field.
6. The Aguila Vado (Eagleford) Field allows 330 foot lease line spacing, 100/330 foot take point provisions, a 33-foot box rule, and provisions for stacked laterals.
7. Adopting similar field rules for the Giddings (Eagleford) field will allow for parity of development opportunities.
8. The requested field rules have been adopted throughout many Eagle Ford Formation fields and in other fields throughout the State.

CONCLUSIONS OF LAW

1. Proper notice of this hearing was issued.
2. All things have been accomplished or have occurred to give the Commission jurisdiction in this matter.

3. Adopting the Field Rules for the Giddings (Eagleford) Field is necessary to protect correlative rights and promote orderly development of the field.

RECOMMENDATION

Based on the above findings of fact and conclusions of law, the examiners recommend that the Commission amend the Field Rules for the Giddings (Eagleford) Field, as requested by Clayton Williams Energy, Inc.



Paul Dubois
Technical Examiner

Respectfully submitted,



Marshall Enquist
Legal Examiner