

**THE APPLICATION OF VALENCE OPERATING COMPANY TO ADOPT FIELD RULES FOR THE W. A. MONCRIEF (SMACKOVER) FIELD, FRANKLIN AND HOPKINS COUNTIES, TEXAS**

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**Heard by:** Donna K. Chandler on December 7, 2010

**Appearances:**

Rick Johnston

**Representing:**

Valence Operating Company

**EXAMINER'S REPORT AND RECOMMENDATION**

**STATEMENT OF THE CASE**

Valence Operating Company requests that field rules be adopted for the W. A. Moncrief (Smackover) Field. The proposed rules are summarized as follows:

1. Designation of the field as the correlative interval from 12,028 feet to 12,600 feet as shown on the log of the Moncrief-Westland Unit No. 101;
2. 467' - 933' well spacing, with 40 acre drilling units.

This application was unopposed and the examiner recommends adoption of the permanent field rules proposed by Valence Operating Company.

**DISCUSSION OF EVIDENCE**

The W. A. Moncrief (Smackover) Field was discovered in 1963 and is a non-associated gas field with 8 producing wells, all operated by Valence Operating Company. The field is currently AOF status. Cumulative production from the field is 118 BCF of gas and 2 million BC.

In 1963, field rules were adopted for the field which provided for 640 acre density. These rules were rescinded in 1991 and the field has operated under Statewide Rules since then.

Valence requests that the spacing rule for the field continue to provide for 467 feet from lease lines, but that the between-well spacing requirement be reduced to 933 feet between wells. Valence requests no change to the 40 acre drilling units. The closer between-well spacing is necessary to accommodate infill drilling in the east-west trending reservoir. Valence has already drilled two recent wells and plans to drill additional wells under the amended rule. The entire field is located under Valence's 4,064 acre Moncrief-Westland Unit.

Valence requests that the field be defined as the correlative interval from 12,028 feet to 12,600 feet as shown on the log of the Moncrief-Westland Unit Well No. 101. This interval includes the entire Smackover formation.

**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. The W. A. Moncrief (Smackover) Field was discovered in 1963 and is a non-associated gas field with 8 wells on the current proration schedule. Valence Operating Company is the only operator in the field.
3. Adoption of a spacing rule providing for 467 feet from lease lines and 933 feet between wells is appropriate for this field.
  - a. The closer between-well spacing is necessary to accommodate infill drilling in the east-west trending reservoir.
  - b. Valence has already drilled two recent wells and plans to drill more wells under the amended rule.
  - c. The entire field is located under Valence's 4,064 acre Moncrief-Westland Unit.
4. The W. A. Moncrief (Smackover) Field should be defined as the correlative interval from 12,028 feet to 12,600 feet as shown on the log of the Moncrief-Westland Unit Well No. 101. This interval includes the entire Smackover.

**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. Adoption of the proposed field rules for the W. A. Moncrief (Smackover) Field is necessary to prevent waste, protect correlative rights and promote development of the field.

**RECOMMENDATION**

Based on the above findings and conclusions of law, the examiner recommends adoption of field rules for the W. A. Moncrief (Smackover) Field as set out in the attached Final Order.

Respectfully submitted,

Donna K. Chandler  
Technical Examiner