



# RAILROAD COMMISSION OF TEXAS

## HEARINGS DIVISION

OIL AND GAS DOCKET NO. 06-0286375

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THE APPLICATION OF VALENCE OPERATING COMPANY TO ADOPT FIELD RULES  
FOR THE TROUP (TRAVIS PEAK) FIELD, CHEROKEE COUNTY, TEXAS

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HEARD BY: Richard D. Atkins, P.E. - Technical Hearings Examiner  
Laura Miles-Valdez - Legal Hearings Examiner

HEARING DATE: January 22, 2014

APPEARANCES: REPRESENTING:

**APPLICANT:**

Rick Johnston  
Andres J. Trevino

Valence Operating Company

**EXAMINERS' REPORT AND RECOMMENDATION**

**STATEMENT OF THE CASE**

The Troup (Travis Peak) Field currently operates under Statewide Field Rules. Valence Operating Company ("Valence") requests that Field Rules be adopted, as shown below:

1. Designated correlative interval from 8,705 feet to 9,400 feet as shown on the log of the Valence Operating Company - Chiles Lease, Well No. 3 (API No. 42-073-30548);
2. 330'-660' well spacing;
3. 40 acre oil and gas units;
4. Allocation based on 100% acres with AOF status and a top oil allowable based on the 1965 Yardstick Allowable of 142 barrels of oil per day.

The application is unopposed and the examiners recommend that Field Rules be adopted for the Troup (Travis Peak) Field, as proposed by Valence.

### DISCUSSION OF EVIDENCE

The Troup (Travis Peak) Field was discovered in February 1954 at an average depth of 8,700 feet. The field is classified as associated-100% AOF and operates under Statewide Field Rules. There is one producing gas well, no producing oil wells and two operators carried on the proration schedules. Cumulative production from the field through January 2014 is 2.4 BCFG and 57.0 MBO.

There is currently no defined correlative interval for the field. Valence requests that the Troup (Travis Peak) Field be defined as the correlative interval from 8,705 feet to 9,400 feet as shown on the log of the Valence Operating Company - Chiles Lease, Well No. 3 (API No. 42-073-30548), W George Survey, A-295, Cherokee County, Texas. The correlative interval includes the entire Travis Peak formation.

Valence is developing the deeper Overton (Cotton Valley Sand) Field with horizontal drainhole wells and requests similar Field Rules so the two fields can be commingled to promote the efficient and effective development of the remaining hydrocarbons. Valence proposes 330'-660' well spacing and 40 acre oil and gas units. To date, two wells have already been approved by the Commission for commingling of the two subject fields, which will increase the recovery of reserves from both fields by lowering the economic limit for each field.

Valence requests allocation based on 100% acres and that the gas allocation formula be suspended, as there is a 100% market demand for all of the gas produced from the field. Valence proposes a top oil allowable based on the 1965 Yardstick Allowable of 142 barrels of oil per day.

### FINDINGS OF FACT

1. Notice of this hearing was provided to all persons entitled to notice at least ten (10) days prior to the date of the hearing and no protests were received.
2. The Troup (Travis Peak) Field was discovered in February 1954 at an average depth of 8,700 feet.
  - a. The field is classified as associated-100% AOF and operates under Statewide Field Rules.
  - b. There is one producing gas well, no producing oil wells and two operators carried on the proration schedules.

3. The Troup (Travis Peak) Field should be defined as the correlative interval from 8,705 feet to 9,400 feet as shown on the log of the Valence Operating Company - Chiles Lease, Well No. 3 (API No. 42-073-30548), W George Survey, A-295, Cherokee County, Texas. The correlative interval includes the entire Travis Peak formation.
4. Field Rules for the Troup (Travis Peak) Field that provide for 330'-660' well spacing and 40 acre oil and gas units are appropriate for the field.
  - a. Valence Operating Company ("Valence") is developing the deeper Overton (Cotton Valley Sand) Field with horizontal drainhole wells and similar Field Rules will allow the two subject fields to be commingled to promote the efficient and effective development of the remaining hydrocarbons.
  - b. To date, two wells have already been approved by the Commission for commingling of the two subject fields, which will increase the recovery of reserves from both fields by lowering the economic limit for each field.
5. Allocation based on 100% acres is a reasonable formula which will satisfy state statutes and protect correlative rights of mineral owners in the field.
6. Suspension of the gas allocation formula is appropriate, as there is a 100% market demand for all of the gas produced from the field.
7. A top oil allowable based on the 1965 Yardstick Allowable of 142 barrels of oil per day is appropriate for the Troup (Travis Peak) Field.

**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 Field Rules for the Troup (Travis Peak) Field is necessary to prevent waste, protect correlative rights and promote development of the field.

**EXAMINERS' RECOMMENDATION**

Based on the above findings of fact and conclusions of law, the examiners recommend that the Commission adopt Field Rules for the Troup (Travis Peak) Field, as proposed by Valence Operating Company.

Respectfully submitted,



Richard D. Atkins, P.E.  
Technical Hearings Examiner



Laura Miles-Valdez  
Legal Hearings Examiner