

THE APPLICATION OF APPROACH OPERATING, LLC TO AMEND FIELD RULES FOR THE HOLT RANCH (CONSOLIDATED) FIELD, CROCKETT COUNTY, TEXAS

Heard by: Donna K. Chandler on March 9, 2011

Appearances:

George Neale
Rick Johnson

Representing:

Approach Operating, LLC

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

The Holt Ranch (Consolidated) Field was formed in August 2010 when the Commission consolidated the Holt Ranch (Canyon 7600) Field and the Ozona, N. (Ellenburger) Field in Docket No. 7C-0265961. In that docket, the Holt Ranch (Consolidated) Field was defined as the correlative interval from 7,600 feet to 8,425 feet as shown on the log of the West No. 2303 well.

In the current docket, Approach Operating, LLC requests that the field interval for the Holt Ranch (Consolidated) Field be expanded to include the Clearfork, Dean and Wolfcamp formations. It is requested that the field be designated as the correlative interval from 3,900 feet to 8,425 feet as shown on the log of the West No. 2303 well.

At the hearing, the examiner suggested that the Holt Ranch (Ellenburger) Field be consolidated into the Holt Ranch (Consolidated) Field, based on the evidence presented by Approach. Operators in the Holt Ranch (Ellenburger) Field were given notice and there was not protest to the inclusion of the Holt Ranch (Ellenburger) Field or the expansion of the interval for the Holt Ranch (Consolidated) Field.

DISCUSSION OF THE EVIDENCE

The Holt Ranch (Consolidated) Field was formed in August 2010 and currently includes the Canyon and Ellenburger formations. The field is defined as the correlative interval from 7,600 feet to 8,425 feet as shown on the log of the West No. 2303 well. There are 25 oil wells and 60 gas wells in the field and the gas field is AOF. Approach operates all wells in the field except three gas wells.

Approach now requests that the field interval be expanded to include the Canyon and Ellenburger formations. The proposed correlative interval is from 3,900 feet to 8,425 feet as shown on the log of the West Well No. 2303. Approach submitted a map of all wells within 2 ½ miles of all wells in the Holt Ranch (Consolidated) Field. The only active wells in the area within the proposed correlative interval, besides those in the Holt (Consolidated) Field, are in the Holt (Ellenburger) Field. There are no other named fields in the area within the proposed correlative interval for the Holt Ranch (Consolidated) Field.

Approach plans to perforate porosity intervals in the Clearfork, Dean and Wolfcamp, which is already being done in the Spraberry (Trend Area) Field. These upper zones within the interval are expected to be very limited in productivity, but will contribute marginally to a wellbore's overall ultimate recovery if produced with other zones.

Approach requests no other changes to the field rules.

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 Holt Ranch (Consolidated) Field was formed in August 2010 when the Commission consolidated the Holt Ranch (Canyon 7600) Field and the Ozona, N. (Ellenburger) Field in Docket No. 7C-0265961.
3. The current designated interval for the field is from 7,600 feet to 8,425 feet as shown on the log of the West No. 2303 well.
4. Amending the designated interval for the subject field will result in the recovery of additional reserves.
 - a. The proposed correlative interval is from 3,900 feet to 8,425 feet as shown on the log of the West No. 2303 well.
 - b. The proposed interval includes the Clearfork, Dean and Wolfcamp formations, in addition to the Canyon and Ellenburger already included in the field interval.
 - c. The proposed interval is similar to the interval already approved for the Spraberry (Trend Area) Field.
 - d. Separate completions in the Clear Fork, Dean or Wolfcamp cannot be economically justified due to their expected marginal productivity.
5. The Holt Ranch (Ellenburger) Field is within the designated interval for the Holt Ranch (Consolidated) Field and should be consolidated into the Holt Ranch (Consolidated) Field.

CONCLUSIONS OF LAW

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 Holt Ranch (Consolidated) Field is necessary to prevent waste and protect correlative rights.
4. Consolidating the Holt Ranch (Ellenburger) Field into the Holt Ranch (Consolidated) Field 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 Holt Ranch (Consolidated) Field be amended as proposed by Approach Operating, LLC and that the Holt Ranch (Ellenburger) Field be consolidated into the Holt Ranch (Consolidated) Field.

Respectfully submitted,

Donna K. Chandler
Technical Examiner