



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL AND GAS DOCKET NO. 7C-0286912

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

HEARD BY: Paul Dubois – Technical Examiner
Michael Crnich – Hearings Examiner

HEARING DATE: February 26, 2014

APPEARANCES: REPRESENTING:

APPLICANT:

George Neale
Rick Johnston

Approach Operating LLC

EXAMINERS' REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Field Rules for the Holt Ranch (Consolidated) Field were originally adopted in Final Order No. 7C-0265961, effective August 10, 2010 as amended. The Field Rules in effect for the field currently contain common provisions for field development with horizontal wells. By this application, Approach Operating LLC (Approach) is seeking to remove the between-well spacing requirement of Field Rule No. 2 in order for these rules to mirror those of the nearby Lin (Wolfcamp) Field. The application is not protested and the examiners recommend that the Field Rules be amended for the Holt Ranch (Consolidated) Field, as proposed by Approach.

DISCUSSION OF THE EVIDENCE

The Holt Ranch (Consolidated) Field was created in August 2010 by the consolidation of two area fields. The field has an average depth of 8,500 feet and is classified as associated. There are 76 producing gas wells, 131 producing oil wells and nine operators carried on the proration schedules. Approach is the largest operator of both oil and gas wells in the field.

The field operates under field rules that provide for 330'-330' well spacing, no minimum well spacing between vertical and horizontal drainhole wells, 160-acre oil and 320-acre gas proration units with optional 20-acre units, and horizontal provisions for take points, 100-foot leaseline spacing for the first and last take points, a lateral 50-foot box rule, off-lease penetration point and stacked laterals. The field produces about 1 BCF/month gas and 200 MBO/month. The projected cumulative production from the field is about 42 BCFG and 5 BBO.

Approach is proposing to drill in-fill horizontal drainhole wells and requests the Field Rules be amended to eliminate the between well spacing requirement for all wells. This provision has recently been adopted for the nearby Lin (Wolfcamp) Field (Docket No. 7C-0270697). As the two fields represent similar correlative intervals and development of both fields is growing together, Approach believes that removing the between well spacing requirement will enable it to develop its Holt Ranch (Consolidated) Field assets competitively with the Lin (Wolfcamp) Field. Removing this requirement will provide Approach with more flexibility in siting and drilling horizontal wells.

FINDINGS OF FACT

1. Notice of this hearing was given to all persons entitled to notice and no protests were received.
2. The Holt Ranch (Consolidated) Field was created in August 2010 by the consolidation of two area fields.
 - a. The field has an average depth of 8,500 feet and is classified as associated.
 - b. There are 76 producing gas wells, 131 producing oil wells and nine operators carried on the proration schedules.
 - c. The field operates under Field Rules that provide for 330'-330' well spacing, 320 acre gas units and 160 acre oil units with optional 20 acre density.
 - d. The allocation formula is currently suspended.
3. The Holt Ranch (Consolidated) Field is actively being developed with horizontal drainhole wells.
4. Removing the between well spacing requirement will enable Approach to develop its Holt Ranch (Consolidated) Field assets competitively with the Lin (Wolfcamp) Field by allowing more flexibility in siting and drilling horizontal wells.

5. Continued suspension of the allocation formula is appropriate, as there is a 100% market demand for all of the gas produced from the field.

CONCLUSIONS OF LAW

1. Proper notice was issued as required by all applicable codes and regulatory statutes.
2. All things have occurred and been accomplished to give the Commission jurisdiction in this matter.
3. Amending the Field Rules for the Holt Ranch (Consolidated) Field will prevent waste, protect correlative rights and promote further development of the field.

EXAMINER'S RECOMMENDATION

Based on the above findings of fact and conclusions of law, the examiners recommend that the Commission amend the Field Rules for the Holt Ranch (Consolidated) Field, as requested by Approach Operating LLC.

Respectfully submitted,



Paul Dubois
Technical Examiner



Michael Crnich
Hearings Examiner