

OIL AND GAS DOCKET NO. 08-0269423

THE APPLICATION OF RAPTOR RESOURCES, INC. TO AMEND FIELD RULE NOS. 1 AND 2 FOR THE GOLDSMITH, N. (SAN ANDRES, CON.) FIELD, ANDREWS, ECTOR AND WINKLER COUNTIES, TEXAS

OIL AND GAS DOCKET NO. 08-0269425

THE APPLICATION OF RAPTOR RESOURCES, INC. TO AMEND FIELD RULE NOS. 1 AND 2 FOR THE GOLDSMITH, W. (SAN ANDRES) FIELD, ANDREWS AND ECTOR COUNTIES, TEXAS

OIL AND GAS DOCKET NO. 08-0269426

THE APPLICATION OF RAPTOR RESOURCES, INC. FOR A BLANKET RULE 10 EXCEPTION FOR THE GOLDSMITH, N. (SAN ANDRES, CON.), GOLDSMITH, W. (SAN ANDRES) AND GOLDSMITH (CLEAR FORK) FIELDS, ANDREWS, ECTOR AND WINKLER COUNTIES, TEXAS

HEARD BY: Richard D. Atkins, P.E. - Technical Examiner

DATE OF HEARING: April 12, 2011

APPEARANCES:

REPRESENTING:

APPLICANT:

Doug Dashiell
John McBeath

Raptor Resources, Inc.

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Field Rules for the Goldsmith, N. (San Andres, Con.) Field were adopted in Final Order No. 8-53,296, effective June 1, 1964, as amended. The Field Rules are summarized as follows:

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1. 560'-1,200' well spacing;
2. 40 acre units with a maximum gas well unit of 320 acres;
3. Allocation based on 100% acres with the gas field classified as associated-49B;
4. Surface casing requirement;
5. Permitted gas-oil ratio of 2,000 cubic feet per barrel;
6. Gas well balancing.

Field Rules for the Goldsmith, W. (San Andres) Field were adopted in Final Order No. 8-53,492, effective January 31, 1964. The Field Rules are summarized as follows:

1. 330'-933' well spacing;
2. 40 acre units;
3. Allocation based on 100% acres with the gas field classified as associated-49B;
4. Surface casing requirement;
5. Gas well withdrawals based on Statewide Rule 49(b) with a maximum gas well unit of 320 acres.

Raptor Resources, Inc. ("Raptor") requests that Field Rule Nos. 1 and 2 be amended for both fields as follows:

1. 330'-0' well spacing;
2. 40 acre units with optional 10 acre density.

The applications were protested by OXY Permian but, prior to the call of hearing, OXY withdrew their protest. At the hearing, Raptor amended its Blanket Statewide Rule 10 exception request to only include the wells on the following leases which it operates in the area:

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<u>LEASE NAME</u>	<u>ID NUMBER</u>
Jessie May Williamson	14382
Jessie May Williamson	18623
J. M. Williamson "A"	33083
Cummins "A"	31798
Cummins "A"	31982
Cummins "B"	31830
Cummins "B"	31987
Cummins "C"	32718
Cummins "11"	33258
TXL "19"	32393

The applications were then unopposed and the examiner recommends that Field Rule Nos. 1 and 2 for the Goldsmith, N. (San Andres, Con.) and Goldsmith, W. (San Andres) Fields be amended, as requested by Raptor. The examiner also recommends approval of Raptor's request for a Blanket Statewide Rule 10 exception for the leases which it operates in the area.

DISCUSSION OF EVIDENCE

The Goldsmith, N. (San Andres, Con.) Field was created in June 1964 by the consolidation of several area San Andres fields. The field has an average depth of 4,500 feet and there are 156 producing oil wells and 19 producing gas wells carried on the proration schedules. Cumulative production from the field through March 2011 is 23.6 MMBO and 258.4 BCFG.

The Goldsmith, W. (San Andres) Field was discovered in March 1956 at an average depth of 4,300 feet. There are 43 producing oil wells and 1 shut-in gas well carried on the proration schedules. Cumulative production from the field through March 2011 is 7.2 MMBO and 13.1 BCFG.

Raptor is planning on drilling infill wells and requests 330'-0' well spacing and 40 acre units with optional 10 acre density. Using the ultimate recoveries from two wells on separate leases, Raptor calculated drainage areas of 11 and 17 acres. Since the drainage areas were less than 20 acres, Raptor believes that optional ten acre density is justified.

Raptor submitted a tabulation of 103 fields in RRC Districts 7C, 8 and 8A that had 10 acre density or less. Fifteen of the fields were producing from the San Andres formation and two of the fields, the Fuhrman-Mascho and Martin (Consolidated) Fields, have begun to experience an increase in production and reserves from infill development on 10 acre density. In addition, the Goldsmith (Clear Fork) Field is a deeper field in the area that

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already has 330'-0' well spacing and 40 acre units with optional 10 acre density. Raptor opined that identical well spacing for all three fields would provide consistency in developing the fields and would allow greater flexibility in selecting future drilling locations.

Raptor identified 457 Statewide Rule 10 exceptions which have been previously approved by the Commission for various combinations of the fields on the subject leases now proposed for blanket authority for exception to Statewide Rule 10. A stand-alone completion in any of the three subject fields is not economic in many cases. As a result of commingling two zones, Raptor calculated incremental reserves of approximately 5,500 BO that will be produced due to the lower combined economic limit. Raptor requests that wells which are downhole commingled on the subject leases in the subject fields be assigned as requested by the operator for proration purposes.

FINDINGS OF FACT

1. Notice of this hearing was given to all persons entitled to notice and no protests were received.
2. The Goldsmith, N. (San Andres, Con.) Field was created in June 1964 by the consolidation of several area San Andres fields. The field has an average depth of 4,500 feet and there are 156 producing oil wells and 19 producing gas wells carried on the proration schedules.
3. The Goldsmith, W. (San Andres) Field was discovered in March 1956 at an average depth of 4,300 feet. There are 43 producing oil wells and 1 shut-in gas well carried on the proration schedules.
4. Well Spacing of 330'-0' and 40 acre units with optional 10 acre density is appropriate for the field.
 - a. Using the ultimate recoveries from two wells on separate leases, Raptor calculated drainage areas of 11 and 17 acres.
 - b. A tabulation of 103 fields in RRC Districts 7C, 8 and 8A show 10 acre density or less. Fifteen of the fields were producing from the San Andres formation.
 - c. The Goldsmith (Clear Fork) Field is a deeper field in the area that already has 330'-0' well spacing and 40 acre units with optional 10 acre density.
 - d. Identical well spacing for the Goldsmith, N. (San Andres, Con.), Goldsmith, W. (San Andres) and Goldsmith (Clear Fork) Fields will

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provide consistency in developing the fields and allow greater flexibility in selecting future drilling locations.

5. Approval of a blanket Statewide Rule 10 exception for all wells on the subject leases in the Goldsmith, N. (San Andres, Con.), Goldsmith, W. (San Andres) and Goldsmith (Clear Fork) Fields is appropriate.
 - a. There have been 457 Statewide Rule 10 exceptions previously approved by the Commission for various combinations of the fields now proposed for blanket authority for exception to Statewide Rule 10 on the subject leases.
 - b. A stand-alone completion in any of the three subject fields is not economic in many cases.
 - c. As a result of commingling two zones, incremental reserves of approximately 5,500 BO will be produced due to the lower combined economic limit.

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. Amending Field Rule Nos. 1 and 2 for the Goldsmith, N. (San Andres, Con.) and Goldsmith, W. (San Andres) Fields is necessary to prevent waste, protect correlative rights and promote development of the fields.
4. Approval of the requested blanket authority for exception to Statewide Rule 10 for all wells on the subject leases in the Goldsmith, N. (San Andres, Con.), Goldsmith, W. (San Andres) and Goldsmith (Clear Fork) Fields will prevent waste and will not harm correlative rights.

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RECOMMENDATION

Based on the above findings of fact and conclusions of law, the examiner recommends that the Commission amend Field Rule Nos. 1 and 2 for the Goldsmith, N. (San Andres, Con.) and Goldsmith, W. (San Andres) Fields, as proposed by Raptor Resources, Inc. The examiner also recommends approval of Raptor's request for a Blanket Statewide Rule 10 exception for all wells on the subject leases which it operates in the area.

Respectfully submitted,

Richard D. Atkins, P.E.
Technical Examiner