

OIL AND GAS DOCKET NO. 8A-0264490

THE APPLICATION OF NOBLE ENERGY INC. TO AMEND THE FIELD RULES FOR THE NEWSOM (YATES) FIELD, GAINES COUNTY, TEXAS

Heard by: Donna K. Chandler on February 22, 2010

Appearances:

Jim Bostic

Representing:

Noble Energy Inc.

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Field rules for the Newsom (Yates) Field were adopted on October 23, 2007 in Docket No. 8A-0252929. The rules in effect for the field are summarized as follows:

1. Designation of the field as the correlative interval from 2,828 feet to 3,028 feet as shown on the log of the Shell Fee Lease Well No. 7;
2. 330'-660' well spacing for gas wells.
3. 40 acre density for gas wells;
4. Allocation based on 100% acreage for gas wells.

Noble Energy Inc. requests that the rules be amended such that the spacing and density rules apply to oil wells.

This application was unopposed and the examiner recommends that the field rules for the Newsom (Yates) Field be amended as proposed by Noble Energy Inc.

DISCUSSION OF THE EVIDENCE

The Newsom (Yates) Field was discovered in 1974. There are 10 gas wells and 4 oil wells in the field and the gas field is classified as associated-prorated with AOF status.

The first oil well was completed in the field in 2009 and a fieldwide net gas-oil ratio rule has been adopted, allowing casinghead gas production of up to 400 MCFD per well. Mapping of the field shows that the Yates extends over a very large area, but the porosity is very erratic.

The oil leg appears to be limited in size and the oil wells are predominantly found in the southeastern portion of the field. There is no way to predict whether wells will be classified as oil or gas until they are completed. The oil field continues to operate under Statewide Rules of 467'-1,200' well spacing. If a well is permitted as a gas well under the 330' spacing rule, it would require an exception to Rule 37 if it turns out to be an oil well. For this reason, Noble requests that the rules be amended to have consistent rules for both oil and gas wells.

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 Newsom (Yates) Field was discovered in 1974 and was a non-associated gas field until 2009, when the first oil well was completed.
3. Field rules for the Newsom (Yates) Field provide for 330'-660' well spacing for gas wells and 40/optional 20 acre density for gas wells. The oil field operates under Statewide Rules.
4. Determination of gas or oil classification for a well is not possible until the well is completed.
5. Consistent rules for oil and gas wells is necessary to promote orderly development of the 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 Newsom (Yates) 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 Newsom (Yates) Field be amended as proposed by Noble Energy Inc.

Respectfully submitted,

Donna K. Chandler
Technical Examiner