



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL AND GAS DOCKET NO. 8A-0284836

**THE APPLICATION OF PPC OPERATING COMPANY LLC TO AMEND AND
RENUMBER FIELD RULES FOR THE ROPES, E. (CLEAR FORK) FIELD, HOCKLEY
COUNTY, TEXAS**

HEARD BY: Paul Dubois – Technical Examiner
Laura Miles-Valdez – Legal Examiner

HEARING DATE: October 28, 2013

APPEARANCES:

REPRESENTING:

APPLICANT:

Thomas Richter, P.E.

PPC Operating Company, LLC

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

PPC Operating Company, LLC (PPC) is requesting to amend field rules for the Ropes, E. (Clear Fork) Field in Hockley County, Texas. PPC's application establishes a correlative interval for the field, reduces spacing and density requirements, and rescinds the minimum surface casing requirements. The application was not protested and the examiners recommend that the requested field rule amendments be adopted.

DISCUSSION OF THE EVIDENCE

The Ropes, E. (Clear Fork) Field was discovered in October 1964, at a depth of 6,022 to 6,036 feet. Temporary field rules were established on March 28, 1966 (Oil & Gas Docket No. 8A-56,206). Permanent field rules were established on November 23, 1970 (Oil and Gas Docket No. 8A-60,349). At this time the East Ropes Unit was created by the consolidation of six leases and the assignment of three wells for water injection and pressure maintenance. Additional injection wells were drilled or converted in 1971.

There are currently eleven producing wells on the oil proration schedule for the field,

eight of which are operated by PPC. The PPC wells are clustered together on the eastern edge of Hockley County—in the East Ropes Unit. The wells operated by others are located outside of the East Ropes Unit, about one mile west of the cluster and one-half mile to the east in Lubbock County. The field discovery well and the type well for the proposed correlative interval are within the PPC well cluster.

The existing field rules provide for 660-foot lease line spacing and 1,320-foot between well spacing. The field has an odd 88.6 acre standard proration unit size with 44.3 acres tolerance. In addition, the field rules require surface casing to be set at a depth of 350 feet or 50 feet below the Redbeds, whichever is deeper.

The proposed correlative interval is 5,954 feet to 6,263 feet, as shown on the Halliburton-Composite Log of the PPC Operating, Ropes, E (Clear Fork) Unit, Well No. 107, (API No. 219-37270). The correlative interval corresponds to the top and base of the Clear Fork Formation as marked on the type log. The wells in the field are generally between 6,100 and 6,300 feet deep, and they typically include about 40-feet of perforated casing between depths of 6,000 and 6,100 feet.

The field's cumulative production is 2,876,500 BO, which is 29 percent of the 9,900,000 barrels of original oil in place as estimated prior to unitization. PPC estimates that 1,650,000 BO was primary recovery, and 1,226,500 BO was a result of the secondary recovery project. PPC conducted reservoir volumetric analysis predicting a 5-spot waterflood pattern on 40 acre density would result in an additional recovery of 1,485,000 BO, bringing the estimated ultimate recovery of original oil in place to 44 percent.

PPC plans to continue development of the unit by the addition of production and recovery wells in a 40-acre 5-spot pattern. PPC has identified 17 new producing well locations and 12 new injection well locations. The proposed locations are oriented about a ridge on the lower Clear Fork structure that is oriented east-west across the East Ropes Unit area. The reduced density and patterned waterflooding will prevent waste of hydrocarbon resources. PPC also proposes to rescind the field rule specifying surface casing requirements as this matter is now governed by Statewide Rule 13.

FINDINGS OF FACT

1. Notice of this application and hearing was provided to all persons entitled to notice at least ten (10) days prior to the date of the hearing.
2. The Ropes, E. (Clear Fork) Field was discovered in 1964, at an average depth of 6,022 to 6,036 feet.

- a. There are 11 producing oil wells and four operators carried on the proration schedule.
- b. Current Field Rules provide for 660'-1,320' well spacing and 88.6 acre oil units.
3. 1,650,000 BO was produced by primary recovery, and 1,226,500 BO was produced as a result of the East Ropes Unit secondary recovery project.
4. Reservoir volumetric analysis predicts that a 5-spot waterflood pattern on 40 acre density would result in an additional recovery of 1,485,000 BO, bringing the estimated ultimate recovery of original oil in place to 44 percent.
5. Field rule requirements for surface casing are no longer necessary as this matter is governed by Statewide Rule 13.
6. Adoption of 330'-0' well spacing and 40-acre proration units for the Ropes, E. (Clear Fork) Field is appropriate and will prevent waste.

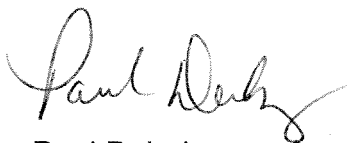
CONCLUSIONS OF LAW

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 the field rules for the Ropes, E. (Clear Fork) Field as proposed by PPC will prevent waste of hydrocarbon resources.

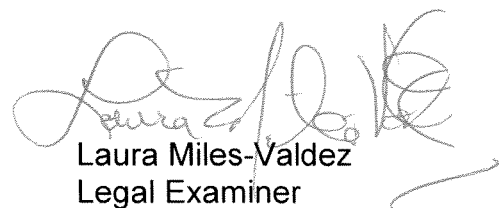
RECOMMENDATION

Based on the above findings of fact and conclusions of law, the examiners recommend that the Commission adopt the field rules for the Ropes, E. (Clear Fork) Field, as requested by PPC.

Respectfully submitted,



Paul Dubois
Technical Examiner



Laura Miles-Valdez
Legal Examiner