



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL AND GAS DOCKET NO. 09-0279066

THE APPLICATION OF JMH PRODUCTION, LLC TO TRANSFER WELLS AND ADOPT FIELD RULES FOR THE JEAN, NW. (CADDO) FIELD, YOUNG COUNTY, TEXAS

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

HEARING DATE: November 19, 2012

APPEARANCES: **REPRESENTING:**

APPLICANT:

Rick Johnston

JMH Production, LLC

EXAMINERS' REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

The Jean, NW. (Caddo) Field currently operates under Young County Regular Field Rules. JMH Production, LLC ("JMH") requests that Field Rules be adopted, as shown below:

1. Designated correlative interval from 4,390 feet to 5,010 feet as shown on the log of the JMH Production, LLC - Hamilton-Laird Lease, Well No. 2 (API No. 42-503-41811);
2. 330'-933' well spacing;
3. 40 acre oil units;
4. Allocation based on 100% acres with a top oil allowable based on the 1947 Yardstick Allowable of 93 barrels per day.

JMH also requests that the following wells be transferred from the Young County Regular Field into the Jean, NW. (Caddo) Field:

<u>LEASE NAME</u>	<u>WELL NO.</u>	<u>API NO.</u>
Hamilton-Laird	1	42-503-41755
Hamilton-Laird	2	42-503-41811
Hamilton-Laird	3	42-503-41878
Hamilton-Laird	5	42-503-41939
Hamilton-Laird	6	42-503-42004
Edwards "A"	1	42-503-33576

At the hearing, JMH requested that all over-production be canceled for the Hamilton-Laird Lease (ID No. 31824) in the Young County Regular Field. The examiners mailed a 10-day Notice Letter to all operators listed on the Service List and no protest was received.

The application is unopposed and the examiners recommend that the over-production be canceled, the wells be transferred and Field Rules be adopted for the Jean, NW. (Caddo) Field, as proposed by JMH.

DISCUSSION OF EVIDENCE

The Jean, NW. (Caddo) Field was discovered in July 1961 at an average depth of 4,600 feet. There are 15 producing oil wells and 7 operators carried on the proration schedule. The field currently operates under Young County Regular Field Rules. Cumulative production from the field through June 2012 is 839.9 MBO and 515.4 MMCFG.

There is currently no defined correlative interval for the field. JMH requests that the field be defined as the correlative interval from 4,390 feet to 5,010 feet as shown on the log of the JMH Production, LLC - Hamilton-Laird Lease, Well No. 2 (API No. 42-503-41811), Section 1394, TE&L Co. Survey, A-852, Young County, Texas. The correlative interval contains the entire Caddo and Marble Falls formations.

JMH is developing the Jean, NW. (Caddo) Field by drilling infill vertical wells and requests Field Rules that will promote the efficient and effective development of the remaining hydrocarbons. JMH proposes 330'-933' well spacing and 40 acre oil units. JMH submitted a RRC Field Rule Query for six fields in RRC District 9 that have already adopted similar spacing and density Field Rules. JMH also requests allocation based on 100% acres with a top oil allowable based on the 1947 Yardstick Allowable of 93 barrels per day.

JMH proposes to transfer its wells in the area that are currently completed in the Young County Regular Field into the Jean, NW. (Caddo) Field. The Hamilton-Laird Lease in the Young County Regular Field is over-produced through September 2012 by 33.1 MMCFG. JMH requests that all of the over-production be canceled prior to transferring the wells on the Hamilton-Laird Lease into the Jean, NW. (Caddo) Field.

FINDINGS OF FACT

1. Notice of this hearing was given to all persons entitled to notice and no protests were received.
2. The Jean, NW. (Caddo) Field was discovered in July 1961 at an average depth of 4,600 feet.
 - a. There are 15 producing oil wells and 7 operators carried on the proration schedule.
 - b. The field currently operates under Young County Regular Field Rules.
3. The Jean, NW. (Caddo) Field should be defined as the correlative interval from 4,390 feet to 5,010 feet as shown on the log of the JMH Production, LLC - Hamilton-Laird Lease, Well No. 2 (API No. 42-503-41811), Section 1394, TE&L Co. Survey, A-852, Young County, Texas. The correlative interval contains the entire Caddo and Marble Falls formations.
4. Field Rules for the Jean, NW. (Caddo) Field that provide for 330'-933' well spacing and 40 acre oil units are appropriate for the field.
 - a. JMH Production, LLC ("JMH") is developing the field by drilling infill vertical wells to promote the efficient and effective development of the remaining hydrocarbons.
 - b. Six other fields in RRC District 9 have adopted similar spacing and density Field Rules.
5. Allocation based on 100% acres and a top oil allowable based on the 1947 Yardstick Allowable of 93 barrels per day is a reasonable formula which will protect correlative rights.
6. The Hamilton-Laird Lease in the Young County Regular Field is over-produced through September 2012 by 33.1 MMCFG.

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. Transferring wells and adopting Field Rules for the Jean, NW. (Caddo) Field is necessary to prevent waste, protect correlative rights and promote development of the field.
4. Cancellation of the over-production for the Hamilton-Laird Lease in the Young County Regular Field will not harm correlative rights and will not cause waste.

RECOMMENDATION

Based on the above findings of fact and conclusions of law, the examiners recommend that the Commission transfer wells and adopt Field Rules for the Jean, NW. (Caddo) Field and cancel the over-production for the Hamilton-Laird Lease, as requested by JMH Production, LLC.

Respectfully submitted,


Richard D. Atkins, P.E.
Technical Examiner


Terry Johnson
Legal Examiner