

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

**OIL AND GAS DOCKET
NO. 10-0288417**

**IN THE ST. CLAIR (GRANITE WASH)
FIELD, HOWARD COUNTY, TEXAS**

**FINAL ORDER
ESTABLISHING THE MOST EFFICIENT RATE OF PRODUCTION
FOR THE N MCMORDIE 125 LEASE, WELL NO. 2
ST. CLAIR (GRANITE WASH) FIELD
HOWARD COUNTY, TEXAS**

The Commission finds that after statutory notice in the above-numbered docket heard on May 30, 2014, the presiding examiners have made and filed a report and recommendation containing findings of fact and conclusions of law, for which service was not required; that the proposed application is in compliance with all statutory requirements; and that this proceeding was duly submitted to the Railroad Commission of Texas at conference held in its offices in Austin, Texas.

The Commission, after review and due consideration of the examiners' report and recommendation, the findings of fact and conclusions of law contained therein, hereby adopts as its own the findings of fact and conclusions of law contained therein, and incorporates said findings of fact and conclusions of law as if fully set out and separately stated herein.

Therefore, it is **ORDERED** by the Railroad Commission of Texas that the most efficient rate of production at the current time for the N McMordie 125 Lease, Well No. 2 (API No. 42-393-32292), in the St. Clair (Granite Wash) Field, Roberts County, Texas. is established at 450 barrels of oil per day.

It is further **ORDERED** that all overproduction for the N McMordie 125 Lease, Well No. 2 (API No. 42-393-32292), in the St. Clair (Granite Wash) Field, Roberts County, Texas. is hereby canceled.

Done this 17th day of June, 2014.

RAILROAD COMMISSION OF TEXAS

**(Order approved and signatures affixed by
Hearings Divisions' Unprotested Master
Order dated June 17, 2014)**



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL AND GAS DOCKET NO. 8A-0287583

THE APPLICATION OF JUNO OPERATING COMPANY II, LLC TO AMEND FIELD RULES FOR THE HOOPLE (CLEAR FORK) FIELD, LUBBOCK COUNTY, TEXAS

HEARD BY: Karl Caldwell- Technical Examiner
Terry Johnson - Legal Examiner

WRITTEN BY: Brian Fancher, P.G. - Technical Examiner

HEARING DATES: April 02, 2014

APPEARANCES:

REPRESENTING:

APPLICANT:

David Gross
Larry Keller
John Chadwick
Amanda Barringer

Juno Operating Co. II, LLC

EXAMINERS' REPORT AND PROPOSAL FOR DECISION

STATEMENT OF THE CASE

The Notice of Hearing ("NOH") for the subject application indicated that Juno Operating Company II, LLC ("Juno") seeks to either (1) amend the between-well spacing governing the subject field, or (2) in the alternative, seek approval for its Clark Wood Ranch (RRC Lease ID No. 69994) Lease as an Entity For Density ("EFD"). The effect of the EFD would be that the minimum distance for the between well spacing requirement be suspended solely for wells completed in the subject field on Juno's Clark Wood Ranch Lease.

At the hearing, Juno requested only to amend the between well spacing requirement for all wells completed in the subject field. The Hoople (Clear Fork) Field's current between well spacing requirement is 330 feet. Juno requested it be changed to 250 feet.

Subsequent to the subject hearing, the examiners requested additional late-filed evidence to substantiate its request to amend the between well spacing. Upon review, the examiners hold that

the evidence of record supports the adoption of an EFD. Juno did not consider the examiners' opinion to be adverse to its application.

The examiners take Official Notice of the Railroad Commission's public records regarding reported hydrocarbon production from the subject field.

The subject application is unopposed. The examiners recommend approval of Juno's application for an EFD for its Clark Wood Ranch ("CWR") lease in the Hoople (Clear Fork) Field.

DISCUSSION OF THE EVIDENCE

The Hoople (Clear Fork) Field ("the Field") is designated as a non-associated oil field that was discovered in May 1976 in Lubbock County. Since then, the Field has expanded to include several other counties in northwest Texas as well. The Field is currently produced by over a dozen operators and contains approximately 443 oil wells.

The Field is governed by special field rules, set forth in Oil & Gas Final Order 8A-0271144¹. These rules provide for a designated correlative interval, 330' property, lease, or subdivision line spacing and 467' between well spacing, 40-acre proration units with 10-acre optional units, and allocation based on 100% acreage with a 1965 yardstick allowable of 93 barrels of oil per day ("BOPD"). Commission records reflect that the cumulative reported production from the Field is 11.91 million barrels of oil ("MMBO") and 888.7 million cubic feet of gas ("MMCF") through April 2014.

Juno's wells predominately produce from the Clear Fork formation ("CF"), which is a subsurface component of the Field's designated, correlative interval. Juno testified that the CF exhibits a low gas-to-oil ratio ("GOR"), and requires injection wells to sustain economic production. Juno testified it is drilling a well in the Field every four days on average, and is developing down to ten-acre proration units with an active waterflood project on its CWR lease.

At the hearing, Juno testified it seeks to amend the between-well spacing rule to provide for 250' between well spacing for all wells in the Field. Juno testified its waterflood project uses a five-spot pattern that is formed when four producing wells surround an injection well, and each producing well is situated in the center on its own ten-acre square². Juno testified that it plans to convert producing wells to injection wells, and vice-a-versa, in order to adhere to the needs of its active waterflood on the CWR lease.

¹ See Juno Exhibit No. 1 - March 2013 Proration Schedule for the Hoople (Clear Fork) Field.

² See Juno Exhibit Nos. 2 & 3 - Ideal Development Pattern and Phase I Development, respectively.

Juno asserts its five-spot waterflood requires well placement flexibility. While producing wells centered on a 660' by 660' ten-acre tract may be approximately 933' apart, efficient recovery of waterflood-driven oil will demand that producing wells be located closer than the current between well spacing governance (i.e. 467' minimum distance).

The record evidence shows that Juno's CWR lease contains approximately 2,345-acres, 120 producing wells, and 34 injection wells. Juno intends to drill an additional 286 producing wells and 93 injection wells. Juno claims the CWR lease is a single regulatory lease, and asserts that royalty ownership is common throughout and that working interest owners entered into a Communitization Agreement, effective January 1, 2013, that authorizes the entire lease to be operated as a single lease.³

Upon review of the record evidence, the examiners opined it more appropriate to establish the CWR lease as an EFD, effectively removing the between well spacing requirement within the CWR, while leaving the remainder of the field to be governed by the existing special field rules. Juno did not consider the examiners' opinion adverse to its subject application.

FINDINGS OF FACT

1. The Hoople (Clear Fork) Field ("the Field") is designated as a non-associated oil field that was discovered in May 1976 in Lubbock County.
2. The special field rules governing the Field currently provide for (1) a designated correlative interval, (2) 330' property, lease, or subdivision line spacing and 467' between well spacing, (3) 40-acre proration units with 10-acre optional units, and (4) allocation based on 100% acreage with a 1965 yardstick allowable of 93 barrels of oil per day ("BOPD").
3. In April 2014, the Field is produced by over a dozen operators and contains approximately 443 oil wells.
4. Juno Operating Company II, LLC ("Juno") seeks to establish its Clark Wood Ranch ("CWR") lease (ID No. 69994) as an Entity For Density ("EFD").
5. Juno is actively employing a waterflood project ("the Project") on its CWR lease in the Field.
6. Juno's CWR lease contains approximately 2,345-acres, 120 producing wells, and 34 injection wells.
7. Juno will further develop its CWR lease with Field wells by drilling approximately 286 producing wells and 93 injection wells additional wells.

³ See Juno Exhibit No. 7 - Base Map; Current Wells; C Wood Ranch Area.

8. The Project utilizes a five-spot pattern to develop the Field on Juno's CWR lease.
9. Establishing Juno's CWR as an EFD effectively eliminates the between-well spacing requirement, as established by the governing special field rules, for wells drilled and completed in the Hoople (Clear Fork) Field on its CWR lease.
10. Effective January 1, 2013, working interest owners entered into a Communitization Agreement, such that Juno's CWR lease may be operated as a single lease in the Field.

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. Approving Juno Operating Company II, LLC's Clark Wood Ranch (Lease ID No. 69994) in the Hoople (Clear Fork) Field is necessary to prevent waste, protect correlative rights, and promote development of the field.


EXAMINERS' RECOMMENDATION

Based on the above findings of fact and conclusions of law, the examiners recommend that the Commission adopt Juno Operating Company II, LLC's Clark Wood Ranch (Lease ID No. 69994) in the Hoople (Clear Fork) Field ("the Field") as an Entity for Density, effectively removing the between-well spacing requirement for wells in the Field on Juno's CWR lease.

Respectfully submitted,



Brian Fancher, P.G.
Technical Examiner



Terry Johnson
Legal Examiner