



# RAILROAD COMMISSION OF TEXAS

## HEARINGS DIVISION

**OIL AND GAS DOCKET NO. 08-0289895**

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**THE APPLICATION OF SHERIDAN PRODUCTION COMPANY LLC TO AMEND  
FIELD RULES FOR THE GOLDSMITH FIELD, ECTOR COUNTY, TEXAS**

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**HEARD BY:** Karl Caldwell – Technical Examiner  
Marshall Enquist – Legal Examiner

**DATE OF HEARING:** July 17, 2014

**APPEARANCES:**

**REPRESENTING:**

**APPLICANT:**

Bill Spencer  
Cary McGregor

Sheridan Production Company LLC

### EXAMINERS' REPORT AND RECOMMENDATION

#### STATEMENT OF THE CASE

Field Rules for the Goldsmith Field, Ector County, Texas were established February 20, 1937 and last amended on August 1, 1987. Sheridan Production Company, LLC proposes to amend the current field rules and requests the following field rules:

1. Designation of a correlative interval for the field from 3,871 feet to 5,040 feet on the Gulf Oil Corporation – Goldsmith, C A et. Al. 952 API No. 42135013210000 to be designated as a single reservoir for proration purposes and designated as the Goldsmith Field;
2. Well spacing of 330' - 0' (lease line, between well), Take-points of 100' - 330' (first/last, perpendicular to lease line), 33' box rule, off-lease penetration point;

3. Proration unit density of 20 acres; with optional 10 acre density;
4. The Goldsmith Field is classified as salvage with no allowable restriction on oil or casinghead gas production or, in the alternative, 1965 Yardstick allowable, two factor allocation formula based on 95% acres, 5% per well;
5. Stacked lateral provisions.

The original hearing notice requested a maximum daily oil allowable to be determined by the 1965 Yardstick allowable and a two factor allocation formula based on 95% acres, 5% per well. The amended hearing notice requested that the Goldsmith Field be classified as salvage with no allowable restriction on oil or casinghead gas production. Sheridan would not consider it to be adverse if the 1965 Yardstick allowable and two factor allocation formula based on 95% acres, 5% per well field rule were adopted as an alternative to a salvage field classification. The application is unopposed and the examiners recommend that the field rules be amended for the Goldsmith Field, Ector County, Texas as proposed by Sheridan Production Company LLC, with the exception of a salvage field classification.

### **DISCUSSION OF THE EVIDENCE**

The Goldsmith Field was discovered in 1935 at a depth of 4,300 feet. As of July 2014, cumulative oil production is in excess of 365 MMBO. The well count as of July, 2014 is 247 wells, with daily production rates of 3,206 BOPD and 3,365 MCFPD of casinghead gas. Production in the field has been increasing since reaching a low in 2007-2008.

Per Docket No. 08-0281704, blanket Statewide Rule 10 authority was granted for all wells in the Goldsmith Field and the Goldsmith (Clearfork) Field. The Goldsmith (Clearfork) Field is designated as the reporting field for wells that are commingled in both fields.

The Goldsmith Field produces from the San Andres formation. Sheridan is proposing the correlative interval from 3,871 feet to 5,040 feet on the Gulf Oil Corporation – Goldsmith, C A et. Al. 952 API No. 42135013210000 to be designated as a single reservoir for proration purposes and designated as the Goldsmith Field.

Under current field rules, exceptions to both Statewide Rule 37 and 38 are required due a between well spacing of 770 feet. With an increase in horizontal well activity anticipated for the field, zero between well spacing will provide operators with flexibility in planning and further recovering hydrocarbons from the field. Sheridan has estimated the recovery of an additional 62,667 BO for the CVX 6B No. 19 well in the subject field as a result of 10 acre spacing in combination with targeting intervals in the Upper San Andres, Lower San Andres and Clearfork formations.

Since 2012, more than 20 Statewide Rule 38 exceptions have been granted in the Goldsmith Field to recover resources that would otherwise go unrecovered. As a result, Sheridan is proposing optional 10 acre units in the field.

Sheridan has drilled and completed a horizontal well in the subject field, the Parker Minerals 4 Well No. 21H. The oil well completion report, Form W-2, dated November 10, 2013 indicated an initial potential of 245 BOPD, and 11 MCF gas per day. The length of the producing interval from the first take point to last take point was measured to be 1,846 feet.

A review of eleven fields with special field rules in Districts 8 and 8A fields producing from the San Andres formation reveal all eleven fields contain 330 foot lease line spacing and zero between well spacing. Sheridan proposes this same spacing for the Goldsmith Field. Several of these eleven fields also have 100 foot "heel-toe" spacing as well as optional 10 acre units. In fields that are commingled with Clearfork fields, 10 acre optional density provisions allow operators to target and produce zones that may be considered marginal if produced separately.

A stacked lateral field rule would allow operators in the Goldsmith Field to recover reserves from the entire correlative interval from 3,871 feet to 5,040 feet that may not be possible without stacked lateral provisions. Sheridan has no objection to adopting the current standard language for stacked laterals in the Goldsmith Field.

#### **FINDINGS OF FACT**

1. Notice of this hearing was given to operators in the subject field at least ten days prior to the date of hearing. There were no protests to the application.
2. Sheridan Production Company, LLC has completed a horizontal well in the Goldsmith Field and is requesting to amend field rules to promote the drilling and completion of horizontal wells.
3. Adopting a correlative interval for the Goldsmith Field is appropriate.

#### **CONCLUSIONS OF LAW**

1. Proper notice was issued as required by all applicable statutes and regulatory codes.
2. All things have occurred and been accomplished to give the Commission jurisdiction in this matter.

3. Amending the field rules for the Goldsmith Field will promote development of the field.

**EXAMINERS' RECOMMENDATION**

Based on the above findings of fact and conclusions of law, the examiners recommend that the Commission amend the field rules for the Goldsmith Field as requested by Sheridan Production Company, LLC.

Respectfully submitted,



Karl Caldwell  
Technical Examiner



Marshall Enquist  
Legal Examiner