



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL AND GAS DOCKET NO. 8A-0290057

**THE APPLICATION OF OXY USA INC. TO AMEND FIELD RULES FOR THE
SUNTURA (LOWER CLEAR FORK) FIELD, TERRY COUNTY, TEXAS**

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

HEARING DATE: September 25, 2014

APPEARANCES:

REPRESENTING:

APPLICANT:

John Hicks
Andy Trevino
Terence Garner
Rick Johnston
Steve Gault

Oxy USA Inc.

INTERESTED PARTY:

Clark Jobe

Great Western Drilling Company

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Oxy USA Inc. (Oxy) requests the field rules for the Suntura (Lower Clear Fork) Field (ID No. 87254 240) be amended. Specifically, Oxy seeks to amend the spacing and density provision of the current field rules as follows:

- The current field rules require lease line spacing of 467 feet and between well spacing of 933 feet. Oxy requests these provisions be amended to 330 feet and 660 feet, respectively.
- The current field rules require 80 acre oil units with optional 40 acre units. Oxy requests the optional unit size be reduced to 20 acre units.

Oxy seeks no changes to the current field correlative interval or oil well allocation formula. The application was protested at the September 25, 2014, hearing by Great Western Drilling Company, an operator of wells in the field. On November 5, 2014, the examiners received notice from Great Western's representative that its protest is withdrawn. Thus, Oxy's application is not protested. The examiners recommend the field rules be amended as requested by Oxy.

DISCUSSION OF EVIDENCE

The Suntura (Lower Clear Fork) Field was discovered on December 3, 1999, about 18 miles northwest of Brownfield, Terry County. Temporary field rules were adopted on September 12, 2000 (Oil & Gas Docket No. 8A-0225345). The field rules were amended and made permanent on May 21, 2002 (Oil & Gas Docket No. 8A-0230430). On September 11, 2007, the Suntura (Lower Clear Fork) Unit was created to include 1,360 acres of land on eight tracts (Oil & Gas Docket No. 8A-0251807). The September 2014, proration schedule carries 46 producing oil wells. The top allowable in the field is 198 barrels of oil per day (BOPD) on 80 acre drilling and proration units. The field has produced over 7.8 million barrels of oil.

Oxy asserts that a 20-acre optional unit size is appropriate for the Suntura (Lower Clear Fork) Field. Analyzing production data from 18 wells in the field, Oxy determined the drainage areas for these wells to range from about one to 55 acres, given a recovery factor of 18 percent. Of these, 14 wells had drainage areas of less than 30 acres.¹

The requested 330 feet lease line and 660 feet between well spacing parameters are consistent with those established by the commission as standard for a 20-acre optional unit size.² The Suntura (Lower Clear Fork) Field has a 662-foot thick correlative interval. Within this interval there may be several lenticular producing zones that are discontinuous from one well to another.³ Oxy asserts that this lenticularity is, in part, a geological justification for a smaller optional unit size and reduced spacing provisions.

¹ Applicant's Exh. No. 27.

² Applicant's Exh. No. 14.

³ Tr. pg. 37, Ins. 1-15; Applicant's Exh. No. 23.

FINDINGS OF FACT

1. All operators in the field were provided timely notice of the subject application.
2. The Suntura (Lower Clear Fork) Field was discovered on December 3, 1999, about 18 miles northwest of Brownfield, Terry County.
3. The field rules were made permanent on May 21, 2002 (Oil & Gas Docket No. 8A-0230430).
4. The September 2014, proration schedule carries 46 producing oil wells.
5. The top allowable in the field is 198 barrels of oil per day (BOPD) on 80 acre drilling and proration units.
6. The field has produced over 7.8 million barrels of oil.
7. Wells in the field drain from about one to 55 acres, given a recovery factor of 18 percent. Many wells have drainage areas of less than 30 acres.
8. The requested 330 feet lease line and 660 feet between well spacing parameters are consistent with those established by the commission as standard for a 20-acre optional unit size.

CONCLUSIONS OF LAW

1. Resolution of the subject application is a matter committed to the jurisdiction of the Railroad Commission of Texas. Tex. Nat. Res. Code §81.051
2. All notice requirements have been satisfied. 16 Tex. Admin. Code §1.45
3. The proposed field rules will prevent waste and protect correlative rights.

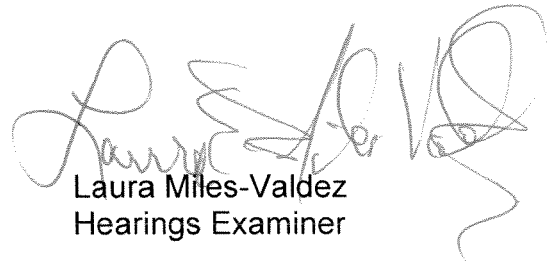
RECOMMENDATION

Based on the above findings of fact and conclusions of law, the examiners recommend the field rules for the Suntura (Lower Clear Fork) Field be amended as requested by Oxy.

Respectfully submitted,



Paul Dubois
Technical Examiner



Laura Miles-Valdez
Hearings Examiner