



# RAILROAD COMMISSION OF TEXAS

## HEARINGS DIVISION

**OIL AND GAS DOCKET NO. 08-0291181**

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**THE APPLICATION OF PETRO-HUNT, L.L.C INC. FOR A NEW FIELD DESIGNATION FOR THE WADDELL (WICHITA-ALBANY) FIELD AND TO ADOPT FIELD RULES FOR THE PROPOSED WADDELL (WICHITA-ALBANY) FIELD WINKLER COUNTY, TEXAS**

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**HEARD BY:** Karl Caldwell – Technical Examiner  
Cecile Hanna – Legal Examiner

**DATE OF HEARING:** September 18, 2014  
**CONFERENCE DATE:** January 27, 2015

**APPEARANCES:**

**REPRESENTING:**

**APPLICANT:**

Petro Hunt, L.L.C.

Michael Choate  
John McBeath

### EXAMINERS' REPORT AND RECOMMENDATION

#### STATEMENT OF THE CASE

Petro-Hunt, L.L.C. ("Petro-Hunt") requests a new field designation for the proposed Waddell (Wichita-Albany) Field and to adopt temporary field rules for the proposed field. Petro-Hunt proposes to adopt the following field rules:

1. A correlative interval from 6,750 feet to 7,574 feet as shown on the log of the Ike Lovelady, Inc. Waddell Lease, Well No. 1 (API No. 42-495-31433), Winkler County, Texas, shall be designated as a single reservoir for proration purposes and be designated as the Waddell (Wichita-Albany) Field;
2. 467'-933' well spacing (lease line, between well spacing), an off-lease penetration pointy and 50' box rule for horizontal wells;

3. 160 acre oil proration units with 40 acre tolerance; 160 proration units for gas wells with 10% tolerance, additional acreage assigned to horizontal using the following formula:

$$A = (L \times 0.11488 + 160)$$

Where: A = acreage assignable to the well;  
L = horizontal drainhole distance in feet, from first take point to last take point.

4. Oil allowable of 3 barrels per acre;
5. Permanent gas well classification for wells producing at a gas-oil ratio (GOR) greater than 2,000 cubic feet per barrel.

Notice of the application was sent to all operators with active wells within 2.5 miles of the discovery well. The Applicant did not have any evidence to support the request for permanent gas well classification for wells producing at a GOR greater than 2,000 cubic feet per barrel and not adopting that proposed rule is not considered to be adverse. The Applicant did not have supporting evidence for 160 acre proration units or assigning additional acreage to horizontal wells using the proposed formula. The Applicant did not consider 80 acre units and assigning additional acre to horizontal wells pursuant to Statewide Rule 86 to be adverse. The examiners recommend approval of a new field designation for the Waddell (Wichita-Albany) Field and to adopt temporary field rules for the field.

### **DISCUSSION OF THE EVIDENCE**

To date, one well has been completed in the proposed field, the Waddell Ranch No. 1H, which was completed on March 7, 2014. The initial potential test shows the well produced 323 BOPD and 126 MCF gas per day, with a GOR of 390 cubic feet per barrel. The well also produced 1,435 bbl of water during the 24 hour test period. No wells within a 2.5 mile radius of the discovery well have been completed in the correlative interval for the proposed Waddell (Wichita-Albany) Field. The operator has encountered challenges in producing the discovery well, as the pump has failed a number of times. The correlative interval for the proposed field in this area has not been significantly productive in Districts 8 and 8A for the Wichita zone.

Petro-Hunt proposes to designate a correlative interval for the new field, 467 lease line spacing with 933 feet between well spacing. Petro-Hunt also requests horizontal well field rules including 467 feet lease line spacing for all take points from any property, lease, or subdivision line, a 50 foot box rule, and a provision for an off-lease penetration point with notice. Petro-Hunt also requests to assign additional acreage to horizontal wells and a two-factor allocation formula based on 95% acreage

and 5% per well. Petro-Hunt has proposed 160 acre proration units. Nearby Wichita-Albany fields (Petro-Hunt Exhibit Nos. 8 and 18) have either 40 acre or 80 acre units. Petro-Hunt does not have any drainage area calculations in the proposed field at this time. Petro-Hunt does not consider a recommendation to adopt 80 acre units as opposed to 160 acre units to be adverse.

**FINDINGS OF FACT**

1. Notice of the application was sent to all operators with active wells within 2.5 miles of the discovery well at least ten days prior to the date of hearing and no protests were received.
2. Petro-Hunt requests a new field designation for the Waddell (Wichita-Albany) Field and to adopt field rules for the proposed field.
3. The discovery well for the Waddell (Wichita-Albany) Field is the Waddell Ranch No. 1H, Winkler County, Texas.
4. No wells within a 2.5 mile radius of the discovery well have been completed in the correlative interval for the proposed Waddell (Wichita-Albany) Field.
5. The proposed field rules will prevent waste.

**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. Granting a new field designation for the Waddell (Wichita-Albany) Field and adopting special field rules will prevent waste.

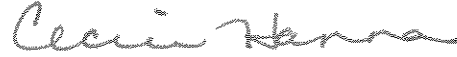
**EXAMINERS' RECOMMENDATION**

Based on the above findings of fact and conclusions of law, the examiners recommend that the Commission approve the new field designation and adopt temporary field rules for the proposed Waddell (Wichita-Albany) Field, Winkler County, Texas as requested by Petro-Hunt, L.L.C.

Respectfully submitted,



Karl Caldwell  
Technical Examiner



Cecile Hanna  
Legal Examiner