



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL AND GAS DOCKET NO. 08-0291056

THE APPLICATION OF OXY USA WTP LP AND OXY USA INC TO AMEND FIELD RULES FOR THE WOLFBONE (TREND AREA) FIELD PECOS REEVES, AND WARD COUNTIES, TEXAS

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

HEARING DATE: January 23, 2015
CONFERENCE DATE: April 8, 2015

APPEARANCES:

REPRESENTING:

APPLICANT:
John Soule
Frank Muser

Oxy USA WTP LP and OXY USA Inc.

EXAMINERS' REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Field rules for the Wolfbone (Trend Area) Field were last amended in Final Order No. 08-0287074, effective June 17, 2014. The current field rules in effect for the field are summarized as follows:

1. Correlative interval from 8,070 feet to 13,092 feet as shown on the log of the Sinclair Collier Well No. 1 (API No. 389-10544);
2. 467'-0' well spacing, 200' spacing first and last take points, NPZ's, 50 foot box rule, stacked lateral rule with 300' maximum horizontal distance between stacked laterals, off lease penetration with notice;

3. 160 acre oil units, with 40 acre tolerance (last well), with optional 40 acre oil units, 320 acre gas units with 10% tolerance with optional 40 acre gas units;
4. Allocation: based on 75% acres, 25% potential for oil wells and 75% acres, 25% deliverability for gas wells;
5. Six month tubing exception rule.

OXY WTP LP and OXY USA Inc. (Oxy) requests to amend the current file rules for the Wolfbone (Trend Area) Field. Oxy requests to reduce the lease line spacing from 467 feet to 330 feet, increase the maximum horizontal stacked lateral distance from 300 feet to 400 feet, and additional time to timely file completion reports. The application is unopposed and the Examiners recommend approval of the application.

DISCUSSION OF THE EVIDENCE

According to micro-seismic data analysis and hydraulic fracture-stimulation modeling, fracture half-lengths in the Wolfbone (Trend Area) Field range from 50 feet to 294 feet. From this information, Oxy concluded that wells are not effectively draining 467 feet, the current lease line spacing in the field. Therefore, Oxy proposes to reduce the current lease line spacing rule from 467 feet to 330 feet.

The current stacked lateral rule for the maximum horizontal separation between stacked laterals is 300 feet. Oxy proposes to increase the maximum horizontal spacing between stacked laterals to 400 feet. The basis for the request is that there are multiple targets in the correlative interval for the field and fracture height-growth in the correlative interval may be as great as 750 feet. Increasing the maximum horizontal spacing of stacked laterals in the field will provide greater flexibility in spacing stacked laterals. This will aid in preventing hydraulically-induced fractures from one stacked lateral well completion from growing into another stacked lateral's drainage area.

Oxy is also requesting additional time to file completion reports, with reports to be filed within 90 days of completion or 150 days from the end of drilling operations, whichever is earlier. This time period has been adopted as a field rule in other fields with similar reservoir characteristics. Lastly, Oxy requests to remove any ambiguous language from the current field rules to provide clarity for all operators in the field as well as Commission staff, particularly with respect to assigning additional acreage to horizontal wells using Statewide Rule 86.

FINDINGS OF FACT

1. Notice of this hearing was provided to all operators in the field at least ten (10) days prior to the date of the hearing and no protests were received.
2. Field rules for the Wolfbone (Trend Area) Field were last amended in Final Order No. 08-0287074, effective June 17, 2014.
3. Reducing the lease line spacing from 467 feet to 330 feet will prevent waste.
4. Increasing the maximum horizontal displacement of stacked laterals from 300 feet to 400 feet 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. Amending the field rules for the Wolfbone (Trend Area) Field will prevent waste.

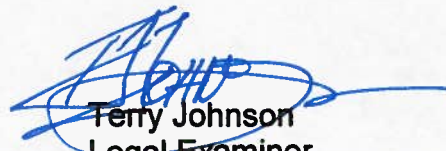
EXAMINERS' RECOMMENDATION

Based on the above findings of fact and conclusions of law, the Examiners recommend that the Commission amend the field rules for the Wolfbone (Trend Area) Field as proposed by OXY WTP LP and OXY USA Inc.

Respectfully submitted,



Karl Caldwell
Technical Examiner



Terry Johnson
Legal Examiner