



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL AND GAS DOCKET NO. 8A-0294746

**THE APPLICATION OF THREE SPAN OIL & GAS, INC. TO ADOPT PERMANENT
FIELD RULES FOR THE ADAIR FIELD, GAINES COUNTY, TEXAS**

HEARD BY: Karl Caldwell – Technical Examiner
Laura Miles-Valdez – Hearings Examiner

HEARING DATE: February 5, 2015
CONFERENCE DATE: April 28, 2015

APPEARANCES:

REPRESENTING:

APPLICANT:

George Neale
Donna Chandler

Three Span Oil & Gas, Inc.

EXAMINERS' REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Three Span Oil & Gas Inc. ("Three Span") requests to adopt permanent field rules for the Adair Field, Gaines County, Texas. The current field rules in effect for the field are summarized as follows:

1. 330' – 933' well spacing;
2. 40 acre density units with 2,100' maximum diagonal;
3. Allocation based on 75% acreage and 25% well; and
4. A top allowable of 93 BOPD.

Three Span proposes the following field rules:

1. Designate a correlative interval for the field from 4,400 feet to 5,000 feet as shown on the log for the Adair S.E. (San Andres) Unit, Well No. 51 (API No. 42-165-35430)¹;
2. 330'-660' well spacing;
3. 40 acre units, with 2,100' maximum diagonal, optional 20 acre density units with 1,500' maximum diagonal;
4. Allocation based on 75% acreage and 25% well (no change); and
5. A top allowable of 93 BOPD (no change).

The application is unopposed and the Examiners recommend that the field rules for the Adair Field be amended.

DISCUSSION OF THE EVIDENCE

The Adair Field was discovered on April 30, 1947, at a depth of 4,874 feet. Temporary field rules for the Adair Field were adopted in Final Order #8-12,058, effective March 1, 1948. Cumulative oil production as of February 1, 2015 is approximately 78.3 MMBO.

Drainage calculations estimate the recoverable oil in place based on 40 acre drainage is 97,027 STB. The estimate recoverable oil in place for 20 acre drainage is estimated at 48,513 STB. Based on these drainage calculations, numerous wells in the field are draining less than 40 acres. As a result, Three Span proposes optional 20 acre density units. In addition, reducing the between well spacing from the current 933 feet to 660 feet will aid operators in spacing wells to maximize the recovery of reserves in the field.

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. The Adair Field was discovered on April 30, 1947, at a depth of 4,874 feet.

¹ The Notice of Hearing proposed a correlative interval of 4,398 feet – 4,990 feet in the Bice No. 2 Well (API No. 42-165-10185). The Applicant requested to change the well log for the correlative interval for the field at the hearing. A letter notifying this proposed change was mailed to all parties on the service list on April 2, 2015. No objections were received.

3. Field rules for the Adair Field were adopted in Final Order #8-12,058, effective March 1, 1948.
4. Several wells in the field are draining less than 40 acres.
5. Amending the 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. Amending the field rules for the Adair 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 Adair Field, Gaines County, Texas, as proposed by Three Span Oil & Gas, Inc.

Respectfully submitted,


Karl Caldwell
Technical Examiner


Laura Miles-Valdez
Legal Examiner