



# RAILROAD COMMISSION OF TEXAS

## HEARINGS DIVISION

**OIL AND GAS DOCKET NO. 02-0295357**

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**THE APPLICATION OF BURLINGTON RESOURCES OIL & GAS COMPANY LP  
TO AMEND FIELD RULES FOR THE SUGARKANE (EAGLE FORD) FIELD, BEE,  
DE WITT, GONZALES, KARNES, LIVE OAK, AND MCMULLEN COUNTIES  
TEXAS**

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**HEARD BY:** Paul Dubois – Technical Examiner  
Marshall Enquist – Hearings Examiner

**HEARING DATE:** March 13, 2015

**CONFERENCE DATE:** April 28, 2015

**APPEARANCES:**

Jamie Nielson  
Greg Cloud  
Bruce St. Pierre  
Robert Irby

**REPRESENTING:**

Burlington Resources Oil & Gas Company LP

**EXAMINER'S REPORT AND RECOMMENDATION**

**STATEMENT OF THE CASE**

Burlington Resources Oil & Gas Company LP (Burlington) seeks to amend field rules for the Sugarkane (Eagle Ford) Field in Bee, De Witt, Gonzales, Karnes, Live Oak and McMullen Counties, Texas. Field rules for the Sugarkane (Eagle Ford) Field were adopted on June 22, 2010 (Oil & Gas Docket No. 02-0264837) and were amended on February 18, 2014 (Oil & Gas Docket No. 02-0283646). Burlington requests the following amendments to the field rules:

- Add 80-acre optional gas units;
- Eliminate required filing of proration unit plats;
- Reduce the notice distance of the optional Rule 38 exception process from 1,500 feet to 660 feet; and

- Add provisions for stacked lateral wells.

At the call of the hearing on March 13, 2015, Burlington withdrew its request to allow cancellation of overproduction for any 12 one-month periods. All operators in the Sugarkane (Eagle Ford) Field were notified of Burlington's application. No protests were received. The Examiners recommend the field rules for the Sugarkane (Eagle Ford) Field be amended as requested by Burlington.

### **DISCUSSION OF EVIDENCE**

The Sugarkane (Eagle Ford) Field was discovered on December 1, 2009, in Live Oak County, Texas, at a depth of 11,450 feet. The field is currently classified as an associated gas field; gas wells may produce at 100 percent absolute open flow. The March 2015, proration schedules carry 568 gas wells and 44 oil wells. Burlington estimates about 100 additional gas wells have been completed in the field but are not yet indicated on the proration schedules. Since 2009 the field has produced more than 441 billion cubic feet of gas and 74 million barrels of condensate.

The standard drilling and proration unit size for gas wells in the field is 320 acres. The current field rules include a streamlined provision to obtain exceptions to Statewide Rule 38 (16 Tex. Admin. Code §3.38) for unit sizes as low as 40 acres. Of the 687 gas wells in the field, 459 wells have received exceptions to Statewide Rule 38 allowing for approved development densities from 315 acres per well to 32 acres per well. Of the current field development, 110 leases/units have development densities of less than 320 acres per well for an average density of 127 acres per well. Sixty-seven (67) leases/units have development densities of less than 160 acres per well for an average density of 93 acres per well. Twelve (12) leases/units have development densities of less than 80 acres per well for an average density of 53 acres per well. Therefore, Burlington proposes to allow for 80-acre optional gas units.

Burlington did not provide drainage area calculations for individual wells in the field. Instead, Burlington relied on the large number of Rule 38 exceptions (459 of 687 wells, or 67 percent) as a surrogate for the need for reduced optional unit size in the field. Further, Burlington stated that maintaining 320-acre standard units was appropriate because a large part of the field remains undeveloped with current market conditions. Dry gas wells in the currently undeveloped area, when drilled, will likely drain larger areas.

The streamlined provision to obtain exceptions to Statewide Rule 38 (16 Tex. Admin. Code §3.38) for unit sizes as low as 40 acres in the current field rules include a requirement to notify all operators of wells within 1,500 feet of the proposed bottom-hole location of a vertical well or within 1,500 feet of any take points on a horizontal well. Burlington proposes to reduce this notice provision to 660 feet in both cases. The current field rules provide for 330-foot lease line spacing; 660 feet is twice the current lease line spacing. Burlington believes this reduced notice distance provision will not harm the

interests of offset operators or mineral interest owners.

The correlative interval for the field extends from a depth of 11,450 feet to 11,662 feet, for a total interval of 212 feet. Burlington asserts that stacked lateral wells are necessary for the efficient development of the field.

#### **FINDINGS OF FACT**

1. Notice of this hearing was given to all parties entitled to notice at least ten days prior to the date of hearing.
2. At the call of the March 13, 2015, hearing, Burlington withdrew its request to allow cancellation of overproduction for any 12 one-month periods.
3. The Sugarkane (Eagle Ford) Field was discovered on December 1, 2009, in Live Oak County, Texas, at a depth of 11,450 feet.
  - a. The March 2015, proration schedules carry 568 gas wells and 44 oil wells.
  - b. Since 2009 the field has produced more than 441 billion cubic feet of gas and 74 million barrels of condensate.
4. Sixty-seven percent of the gas wells in the field have been drilled on reduced density with exceptions to Statewide Rule 38.
  - a. Of the current field development, 110 leases/units have development densities of less than 320 acres per well for an average density of 127 acres per well.
  - b. Sixty-seven (67) leases/units have development densities of less than 160 acres per well for an average density of 93 acres per well.
  - c. Twelve (12) leases/units have development densities of less than 80 acres per well for an average density of 53 acres per well.
5. An optional unit size of 80 acres for gas wells is appropriate.
6. Reducing the special Rule 38 notice provisions from 1,500 feet to 660 feet is consistent with the current lease line spacing distance of 330 feet.
7. Provisions for stacked lateral wells will promote the efficient development of the field.

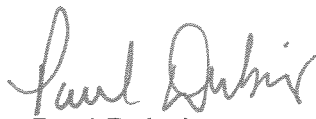
**CONCLUSIONS OF LAW**

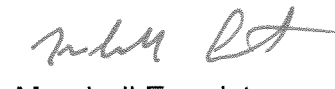
1. Resolution of the subject application is a matter committed to the jurisdiction of the Railroad Commission of Texas. Tex. Nat. Res. Code § 81.051
2. All notice requirements have been satisfied. 16 Tex. Admin. Code § 1.45
3. The proposed field rule amendments will prevent waste, protect correlative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

**RECOMMENDATION**

Based on the above findings of fact and conclusions of law, the Examiners recommend the field rules for the Sugarkane (Eagle Ford) Field be amended as requested by Burlington.

Respectfully submitted,

  
Paul Dubois  
Technical Examiner

  
Marshall Enquist  
Hearings Examiner