



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL & GAS DOCKET NO. 8A-0302578

THE APPLICATION OF TRAIL RIDGE ENERGY PRTNS II LLC TO CONSIDER A NEW FIELD DESIGNATION FOR THE PROPOSED BASS (ELLENBURGER) FIELD AND TO ADOPT TEMPORARY FIELD RULES FOR THE PROPOSED BASS (ELLENBURGER) FIELD, SCURRY COUNTY, TEXAS

HEARD BY: Paul Dubois – Technical Examiner
Randall Collins – Administrative Law Judge

REVIEWED BY: Marshall Enquist – Administrative Law Judge

HEARING DATE: January 13, 2017

CONFERENCE DATE: February 28, 2017

APPEARANCES:

Tim Smith, P. E.

REPRESENTING:

Trail Ridge Energy Prtns II LLC

EXAMINERS' REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Trail Ridge Energy PRTNS II LLC ("Trail II") requests that a new field designation called the Bass (Ellenburger) Field be approved for its Bass Lease Well No. 1. Trail II requests that the following temporary field rules be adopted for the Bass (Ellenburger) Field:

1. Designation of a correlative interval to consist of that interval between a depth of 7,496' and 7,790' as seen on the electric log of the Trail Ridge Energy Partners II LLC - Bass Well No. 1, API 415-35114, Section 79, Block 3, H&GN RR Co. survey, A-40, Scurry County, Texas;
2. 330' lease line spacing and 660' between well spacing
3. 80 acre oil units with 10% tolerance.

There were no protests to this application and the examiners recommend approval of the New Field Designation and Temporary Field Rules for the Bass (Ellenburger) field, with the rules being subject to review in 18 months.

DISCUSSION OF THE EVIDENCE

At the hearing, Trail II submitted a Commission Form W-2 for its Bass No. 1 which stated that the well was completed on May 6, 2016, with perforations in the Ellenburger Formation between 7,524 feet and 7,744 feet. The initial well test performed May 7, 2016, recorded the well capable of producing at a rate of 1,092 BOPD, 437 MCFD and 138 BWPD. The well was placed on pump after one month and current production is about 175 BOPD and 50 MCFD.

A type log was presented by Trail II for the discovery well. The Ellenburger formation in this area of Scurry County is well known to contain free water underlying productive accumulations of oil. In order to minimize potential water production problems, the Bass No. 1 was not drilled through the entire Ellenburger formation. There are no reported completions in the Ellenburger formation within a 2 ½ mile radius of the Bass No. 1. The nearest Ellenburger field is the JZE (Ellenburger) Field, which is located approximately 5 miles north of the Bass No. 1, which was discovered in 2006, and has no active wells currently. Trail II requests that the correlative interval from 7,496 feet to 7,790 feet as seen on the submitted type log be considered a single field known as the Bass (Ellenburger) Field.

As of November 29, 2016, the Bass No. 1 had recovered approximately 47,000 BO and 16 MMSCF of gas. Reserves are currently estimated to be in the range of 22,000 BO to 34,000 BO. The well is estimated to have an ultimate recovery ranging between 83,000 BO and 97,000 BO, assuming exponential well performance from a solution gas drive reservoir. Using a 15% recovery factor, 7% average porosity, 30% average water saturation and 19 feet of net pay, it is estimated that the Bass No. 1 well will drain between 83 and 97 acres. A review of special field rules in counties offsetting Scurry County showed that 80 acres is the most common base density provision for Ellenburger fields.

The testimony provided by Trail II indicated that there is stacked pay potential in the region surrounding the Bass No. 1 well. Given this fact, the anticlinal nature of proposed Bass (Ellenburger) Field, and the fact some Ellenburger fields in the region produce under a water drive, Trail II requests 330' lease line spacing, and 660' between well spacing. This will support needed flexibility for locating wells at favorable structural positions, and/or at locations needed to maximize per-wellbore recovery without physical or economic waste. Trail II presented a final order approved by the Commission based upon wells completed in the Myrtle, West (Ellenburger) Field, a field with an effective water drive and up-hole stacked potential that was approved for 330' lease line spacing and 80 acre density.

Trail II testified that it believes its proposed application is appropriate and that it anticipates drilling additional wells in the future. Trail II requests that its proposed field rules be adopted temporarily for a period of 18 months.

EXAMINERS' RECOMMENDATION

Based on the above findings and conclusions of law, the examiners recommend that the Commission approve the new field designation and adopt Temporary Field Rules for the proposed Bass (Ellenburger) Field, subject to review in 18 months, as requested by Trail Ridge Energy PRTNS II LLC.

Respectfully submitted,



Paul Dubois
Technical Examiner



Marshall Enquist
Administrative Law Judge