



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL & GAS DOCKET NO. 01-0303542

THE APPLICATION OF WCS OIL & GAS CORPORATION TO AMEND FIELD RULES FOR THE FLORESVILLE, S. (AUSTIN CHALK) FIELD, WILSON COUNTY, TEXAS

HEARD BY: Paul Dubois – Technical Examiner
Jennifer Cook – Administrative Law Judge

HEARING DATE: March 6, 2017

CONFERENCE DATE: April 4, 2017

APPEARANCES:

APPLICANT:

Christopher Hotchkiss
Rick Johnston, P. E.

WCS Oil & Gas

EXAMINERS' REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

WCS Oil & Gas Corporation ("WCS") seeks to amend the existing field rules for the Floresville, S. (Austin Chalk) Field (the "Field"). The Field was discovered and had temporary field rules adopted in 1981. The temporary field rules were adopted as permanent in 1983. WCS requests the following field rules be adopted for the Field:

1. Designate the correlative interval from 5,984 feet to 6,488 feet (total vertical depth), as shown on the log of the Mark VI - Renato Martinez No. 2 Well (API No. 42-493-31756).
2. Spacing: No change – continuation of lease line spacing of 467 feet and between well spacing of 1,200 feet.
3. Density: No change – continuation of 160-acre base units, with 80-acre optional units, and 40-acre tolerance for the last well on the lease.
4. Allocation: No change – continuation of 100 percent acreage.

The application was not protested. The Technical Examiner and Administrative Law Judge ("Examiners") recommend that the permanent field rules be adopted for the Floresville, S. (Austin Chalk) Field, as requested by WCS.

DISCUSSION OF EVIDENCE

The Floresville, S. (Austin Chalk) Field was discovered in July 1981 with the Longhorn Oil & Gas Company - Claude W. Olenick No. 1 Well. Temporary field rules were adopted for the field on December 1, 1981 in Oil and Gas Docket No. 1-77,183. Those temporary field rules were as follows:

1. Rule 1 – Lease line spacing of 467 feet and between well spacing of 1,200 feet;
2. Rule 2 - Density of 160 acre oil units with 80-acre optional units, 40-acre tolerance for the last well on a lease, and maximum diagonal of 4,500 feet;
3. Rule 3 - Allocation formula of 100 percent acreage.

The temporary field rules were adopted as permanent on December 12, 1983 in Oil and Gas Docket No. 1-81,404. The Field is currently operating with a top allowable of 656 barrels of oil per day. There are currently 4 wells in the Field, 2 of which are actively producing. WCS has obtained permits to drill two additional horizontal wells in the field.

Since discovery, cumulative production from the Field through January 2017 is 483,210 barrels of oil. The producing gas to oil ratio ("GOR") is in the range of 2,000 standard cubic feet of gas per barrel of oil. The reservoir is a fractured limestone, water-drive reservoir.

As depicted in the wellbore schematic presented by the consulting petroleum engineer, Mr. Rick Johnston, P.E., the two wells to be drilled by WCS in the near future are to be cased and cemented into the top of the Anacacho Formation, with the remainder of the wellbore to be drilled through the Austin Chalk Formation via openhole horizontal completion to take advantage of the fractures and natural faulting present in the limestone reservoir. The adoption of the designated correlative interval is necessary to ensure that future wells drilled in the Field in a similar manner will be in compliance with Statewide Rule 13.

WCS has requested that a designated correlative interval (Rule 1) be adopted for the Field, as follows:

The designated correlative interval of 5,984 - 6,488 feet, as set forth in the log for the Mark VI - Renato Martinez No. 2 Well (API No. 42-493-31756).

WCS requested that the other existing field rules not be amended, but be renumbered sequentially.

FINDINGS OF FACT

1. Notice of hearing was given to all persons entitled to notice, and no protests were received.
2. The Floresville, S. (Austin Chalk) Field was discovered in July 1981 with the Longhorn Oil & Gas Company - Claude W. Olenick No. 1 Well.
 - a. There are two active wells on the proration schedule in the field. WCS has obtained drilling permits to drill two additional horizontal wells in the field.
 - b. Cumulative production from the field through January 2017 is 483,210 barrels of oil.
 - c. The producing gas to oil ratio ("GOR") in the range of 2,000:1. The reservoir is a fractured limestone, water-drive reservoir.
 - d. There is no production from the Anacacho Formation within 3 miles of the Floresville, S. (Austin Chalk) Field.
3. The adoption of the designated correlative interval is necessary to ensure that future wells drilled in the Field in a similar manner will be in compliance with Statewide Rule 13. Further, the addition of the correlative interval is reasonable for further development of the field.
4. The adoption of the designated correlative interval of 5,984 feet to 6,488 feet, as set forth in the log for the Mark VI - Renato Martinez no. 2 Well (API No. 42-493-31756), is appropriate for this field.
5. At the hearing, the applicant agreed on the record that a Final Order in this case is to be effective when the Master Order is signed.

CONCLUSIONS OF LAW

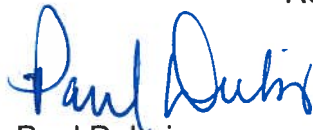
1. Resolution of the subject application is a matter committed to the jurisdiction of the Railroad Commission of Texas. Tex. Nat. Res. Code § 81.051.
2. All notice requirements have been satisfied. 16 Tex. Admin. Code §§ 1.43 and 1.45.

3. The proposed field rules will promote the orderly development of the Floresville, S. (Austin Chalk) Field.
4. Pursuant to §2001.144(a)(4)(A), of the Texas Government Code, and the agreement of the applicant, this Final Order is effective when a Master Order relating to this Final Order is signed on April 4, 2017.

EXAMINERS' RECOMMENDATION

Based on the above findings of fact and conclusions of law, the Examiners recommend that the field rules for the Floresville, S. (Austin Chalk) Field be amended as set out in the attached Final Order.

Respectfully submitted,


Paul Dubois
Technical Examiner


Jennifer Cook
Administrative Law Judge