



# RAILROAD COMMISSION OF TEXAS

## HEARINGS DIVISION

OIL & GAS DOCKET NO. 08-0303601

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**THE APPLICATION OF ELEVATION RESOURCES LLC TO CONSIDER  
AMENDING THE FIELD RULES FOR THE ANDREWS, SOUTH (DEVONIAN)  
FIELD, ANDREWS COUNTY, TEXAS**

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

**HEARING DATE:** April 5, 2017

**CONFERENCE DATE:** May 10, 2017

**APPEARANCES:**

**APPLICANT:**

Frank Muser, P.E.  
Dorsey Twidwell

**REPRESENTING:**

Elevation Resources LLC

### EXAMINERS' REPORT AND RECOMMENDATION

#### STATEMENT OF THE CASE

Elevation Resources LLC ("Elevation") seeks to amend the field rules for the Andrews, South (Devonian) Field (ID No. 02730 284), in Andrews County, Texas. Generally, Elevation requests to make the field rules similar to those of the adjacent Emma (Devonian) Field, with the exception of well density, to facilitate development of the Andrews, South (Devonian) Field with horizontal wells. Several of the field rule provisions requested by Elevation were adopted in the February 1, 2016 amendments to Statewide Rule 86. The application was not protested. The Examiners recommend the field rules for the Andrews, South (Devonian) Field be amended as requested by Elevation, with the exception of those provisions that have already been adopted on a statewide basis.

#### DISCUSSION OF THE EVIDENCE

The Andrews, South (Devonian) Field was discovered on June 25, 1953, at a depth of 11,035 feet to 11,075 feet. By August 1959, 57 producing wells had been

completed in the field, which covered an area of about 8,000 acres. Special field rules were adopted on January 16, 1961 (Oil and Gas Docket No. 8-44918); those are the field rules currently in effect, and include the following provisions:

- 330-foot lease line and 1,200-foot between well spacing;
- 80-acre standard proration units with 40-acre tolerance for the last well on a lease;
- oil well allowable based on 75 percent acreage and 25 percent per producing well; and,
- a requirement for 1,600-foot minimum surface casing.

The March 2017 proration schedules for the Andrews, South (Devonian) Field carry one producing gas well and 10 producing oil wells. Since February 1, 1980 45 drilling permits were issued in the field, either for drilling new wells or re-entering existing wells. The most recent permits were issued for horizontal wells. The field has produced 675,919 barrels of oil and about 5.2 billion cubic feet of gas, about half of which has been attributed to Elevation's wells.

The Andrews, South (Devonian) Field is located adjacent to the Emma (Devonian) Field. In fact, Andrews, South and Emma (Devonian) Field wells are located in overlapping space. Field Rules for the Emma (Devonian) Field were adopted by the Commission in the Final Order in Oil and Gas Docket No. 08-0287076 on April 22, 2014. The field rules for the Emma (Devonian) Field include the following:

- A correlative interval from 10,456 feet to 11,532 feet based on the log of the Greystone Oil & Gas, LLP – State AQ Lease, Well No. 8 (API No. 42-003-43170);
- 330-foot lease line spacing, no between well spacing, and standard provisions for horizontal wells including take points, no perforation zones, a 33-foot box rule, and off-lease penetration points;
- 40-acre standard proration units with 20-acre tolerance for the last well on a lease; and,
- a maximum daily allowable of 245 barrels per day according to the 1947 yardstick in Statewide Rule 45 (16 Tex. Admin. Code §3.45).

Based on well logs from the Andrews, South and Emma (Devonian) Fields, it appears that wells completed in the two fields share a correlative interval. Further, as both fields occupy some of the same general geographic space, Elevation asserts that an identical correlative interval is warranted. Therefore, Elevation requests that the

Andrews, South (Devonian) Field be assigned a correlative interval identical to and based on the same well as the correlative interval for the Emma (Devonian) Field.

Take point provisions have been adopted in Statewide Rule 86. Elevation requests that the take point spacing for the Andrews, South (Devonian) Field be set to 100 feet for the first and last take points. For three of Elevation's horizontal wells, the 100-foot take points will enable the additional production of about 19 thousand barrels of oil equivalent from each well, which otherwise would not be recovered. Further, Elevation requests other provisions that have become incorporated into Statewide 86, including provisions for no perforation zones and a 50-foot box rule. Because those provisions are in Statewide Rule 86, Elevation's request for inclusion in these field rules is moot.

Elevation also seeks to keep the field density at 80 acres for a standard proration unit. This is no change from the existing field rules, but does differ from the requirements of the Emma (Devonian) Field.

Finally, Elevation requests adoption of a field rule provision that allows a six-month exception to the tubing requirement of Statewide Rule 13(b)(4)(A). This will allow Elevation and other operators flexibility to provide for well cleanup before reworking the well to install tubing. Similar provisions have been adopted for other fields in the state experiencing development with horizontal wells.

#### **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 the hearing.
2. The Andrews, South (Devonian) Field was discovered on June 25, 1953, at a depth of 11,035 feet to 11,075 feet.
3. Special field rules were adopted on January 16, 1961, in Oil and Gas Docket No. 8-44,918.
4. The field has produced 675,919 barrels of oil and about 5.2 billion cubic feet of gas.
5. A correlative interval from 10,456 feet to 11,532 feet based on the log of the Greystone Oil & Gas, LLP – State AQ Lease, Well No. 8 (API No. 42-003-43170) is appropriate for the field.
6. 100-foot take points will enable the additional production of about 19 thousand barrels of oil equivalent from each well, which otherwise would not be recovered.
7. A field rule provision allowing a six-month exception to the tubing

requirement of Statewide Rule 13(b)(4)(A) will allow operators flexibility to provide for well cleanup before reworking the well to install tubing. Similar provisions have been adopted for other fields in the state experiencing development with horizontal wells.

8. Elevation's request for field rule provisions regarding no perforation zones and a 50-foot box rule have been incorporated into Statewide Rule 86 and are therefore moot.
9. 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 amended field rules for the Andrews, South (Devonian) Field will prevent waste, protect correlative rights, and provide for the orderly development of the 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 May 10, 2017.

### **EXAMINERS' RECOMMENDATION**

Based on the above findings of fact and conclusions of law, the Examiners recommend the field rules for the Andrews, South (Devonian) Field be amended as requested by Elevation, with the exception of those provisions that have already been adopted on a statewide basis, as set out in the attached Final Order.

Respectfully submitted,



Paul Dubois  
Technical Examiner



Jennifer Cook  
Administrative Law Judge