



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL AND GAS DOCKET NO. 03-0304114

THE APPLICATION OF SANDALWOOD EXPLORATION, LP FOR A NEW FIELD DESIGNATION FOR THE PROPOSED NORMAN HURD (WILCOX 1) FIELD AND TO ADOPT TEMPORARY FIELD RULES FOR THE PROPOSED NORMAN HURD (WILCOX 1) FIELD, TYLER COUNTY, TEXAS

HEARD BY: Karl Caldwell – Technical Examiner
Clayton Hoover – Administrative Law Judge

HEARING DATE: May 12, 2017
CONFERENCE DATE: August 1, 2017

APPEARANCES:

REPRESENTING:

APPLICANT:

Sandalwood Exploration, LP

Doug Dashiell
David Swenson
Michael Francisco

EXAMINERS' REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Sandalwood Exploration, LP (Sandalwood) requests a new field designation for the proposed Norman Hurd (Wilcox 1) Field and to adopt temporary field rules for the proposed field. Sandalwood proposes to adopt the following temporary field rules:

1. A correlative interval from 7,752 feet MD to 7,780 feet MD as shown on the High Definition Induction Log of the BP A-22 Lease, Well No. 2 (API No. 42-457-30866) to be designated as a single reservoir for proration purposes and be designated as the Norman Hurd (Wilcox 1) Field;
2. 200'-400' well spacing (lease line, between well spacing);

3. 40-acre proration units, with no requirement to file individual well proration plats.

Notice of the application was sent to all operators with active wells within 2.5 miles of the discovery well and no protests were received. The Technical Examiner and Administrative Law Judge ("collectively, "Examiners"), recommend approval of a new field designation for the Norman Hurd (Wilcox 1) Field and to adopt temporary field rules as requested by Sandalwood.

DISCUSSION OF THE EVIDENCE

Sandalwood has recently completed the Wilcox 1 interval in the BP A-22 Lease, Well No. 2 and seeks a new field designation for this interval. This is Sandalwood's first Wilcox 1 completion in this area. Sandalwood has drilled four wells in the area and all four wells penetrate the Wilcox 1, 2 and 3 zones. However, this is the first time Sandalwood has completed the Wilcox 1 interval. Several wells in the area penetrate the Wilcox 1 interval, but no other wells have been perforated within 50 feet of the interval. Historical data lists the depth of the lowest known oil from the four wells on the BP A-22 Lease at -7,615 feet subsea, which is lower than the oil-water contact of -7,572 feet subsea of the first Wilcox sand in the nearby Joe's Lake Field. There is also a dry hole between the BP A-22 Lease and the Joe's Lake Field.

Sandalwood is requesting a minimum lease line spacing of 200 feet and between well spacing of 400 feet for the new field. This requested lease-line and between well spacing has been previously granted for the Wilcox 2 and Wilcox 3 fields on the same BP A-22 Lease (Final Order Nos. 03-0296160 and 03-0293716). Sandalwood is attempting to locate multiple wells on a small structure. Sandalwood is the only operator in the field and only mineral leasehold in the field, and there is one common royalty owner. The proposed field rules will protect correlative rights and prevent waste.

FINDINGS OF FACT

1. Notice of the application was sent to all operators with active wells within 2.5 miles of the discovery well at least ten days prior to the date of hearing and no protests were received.
2. Sandalwood requests a new field designation for the proposed Norman Hurd (Wilcox 1) Field and to adopt temporary field rules for the field.
3. The discovery well for the proposed Norman Hurd (Wilcox 1) Field is the BP A-22 Lease, Well No. 2 (API No. 42-457-30866) Tyler County, Texas.
4. The Wilcox 1 sand in the BP A-22 Lease, Well No. 2 is producing from a separate reservoir than existing nearby fields.

5. Sandalwood is attempting to locate multiple wells on a small structure.
6. Lease line spacing of 200 feet and between well spacing of 400 feet has been previously approved for the Norman Hurd (Wilcox 2) Norman Hurd (Wilcox 3) Fields on the BP A-22 Lease.
7. Sandalwood agreed, that, pursuant to the provisions of Texas Government Code §2001.144(a)(4)(A), this Final Order shall be effective on the date a Master Order relating to this Final Order is signed.

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. Granting a new field designation for the Norman Hurd (Wilcox 1) Field and adopting temporary field rules will prevent waste and protect correlative rights.
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 August 1, 2017.

EXAMINERS' RECOMMENDATION

Based on the above findings of fact and conclusions of law, the Examiners recommend that the Commission approve the new field designation and adopt temporary field rules for the Norman Hurd (Wilcox 1) Field, Tyler County, Texas as requested by Sandalwood Exploration, LP.

Respectfully submitted,



Karl Caldwell
Technical Examiner



Clayton Hoover
Administrative Law Judge