



# RAILROAD COMMISSION OF TEXAS

## HEARINGS DIVISION

**OIL AND GAS DOCKET NO. 8A-0304805**

---

**THE APPLICATION OF PARALLEL PETROLEUM, LLC TO AMEND THE FIELD RULES FOR THE CARM-ANN (SAN ANDRES) FIELD, GAINES COUNTY, TEXAS**

---

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

**HEARING DATE:** June 20, 2017  
**CONFERENCE DATE:** August 15, 2017

**APPEARANCES:** **REPRESENTING:**

**APPLICANT:** Parallel Petroleum, LLC

Matt Baab  
Frank Muser, P.E.

### EXAMINERS' REPORT AND RECOMMENDATION

#### STATEMENT OF THE CASE

Parallel Petroleum, LLC (Parallel) requests to amend the field rules for the Carm-Ann (San Andres) Field, Gaines County, Texas. Parallel proposes the following field rule amendments:

- Rule 1: No change to the designated interval.
- Rule 2:
- i) No change to the current lease line spacing of 233 feet.
  - ii) For horizontal wellbores, add a 100-foot spacing rule for the first and last take points.
  - iii) Amend between well spacing requirement to zero between well spacing.
- Rule 3:
- i) No change to the current density rule of 40-acre density with optional 10-acre density.
  - ii) Delete maximum diagonal rule.
  - iii) Delete proration unit plat requirement, add a requirement that the operator file Form P-16 and a plat of the lease, unit or

property, but such plat shall not be required to show individual proration units.

Rule 4: No change.

Notice of the application was provided to all operators in the Carm-Ann (San Andres) Field. The application is unopposed and the Technical Examiner and Administrative Law Judge (collectively, "Examiners") recommend approval of the application.

### **DISCUSSION OF THE EVIDENCE**

The Carm-Ann (San Andres) Field was discovered in Gaines County, Texas on November 18, 1979 at a depth of 4,779 feet. The subject field is situated in an area with several mature San Andres fields. Other San Andres fields in the vicinity include the Harris (San Andres), Block A-34 (San Andres), and the Shafter Lake, north (San Andres) Fields. Operators in the area are starting to drill horizontal wells in these San Andres fields. Parallel is requesting to amend the field rules to accommodate horizontal development of the field with field rules that have been adopted in other San Andres fields in the surrounding area. Parallel is also requesting no minimum between well spacing as vertical wells have already been drilled on much of the acreage in the subject field. The requested field rules will allow flexibility in locating and drilling new horizontal wells to further develop the field.

The field rules for the Harris (San Andres) Field, in Gaines County, Texas were amended in Final Order No. 8A-0298754. The field rules for the Harris (San Andres) Field include zero between well spacing and a 100-foot take point rule for horizontal wells. Parallel is requesting these same two field rules for the Carm-Ann (San Andres) Field. Field rules for the Block A-34 (San Andres) Field were adopted in Final Order No. 08-282689, which included the same zero between well spacing rule that Parallel is requesting for the subject field. In addition, the field rules for another nearby San Andres field, the Shafter Lake, North (San Andres) Field contain a no minimum between well spacing rule, and the same 100-foot take point rule for horizontal wells as requested by Parallel for the Carm-Ann (San Andres) Field. The 100-foot take point rule for horizontal wells will allow first and last take points to be 133 feet closer to lease lines, which add an additional 266 feet of drainhole length per horizontal well to recover additional reserves and prevent waste in the field.

Parallel 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.

**FINDINGS OF FACT**

1. Notice of this hearing was provided to all operators in the field at least ten (10) days prior to the date of the hearing and no protests were received.
2. The Carm-Ann (San Andres) Field was discovered in Gaines County, Texas on November 18, 1979 at a depth of 4,779 feet T
3. Parallel is requesting zero between well spacing and 100-foot lease line distance requirements from first and last take points for horizontal wells.
4. The requested field rules have been adopted in nearby San Andres fields.
  - a. The field rules for the Harris (San Andres) Field include zero between well spacing and a 100-foot take point rule for horizontal wells.
  - b. The Block A-34 (San Andres) Field has zero between well spacing.
  - c. The Shafter Lake, North (San Andres) Field contains a no minimum between well spacing rule and the same 100-foot take point rule for horizontal wells as requested by Parallel for the Carm-Ann (San Andres) Field.
5. Additional reserves will be added with the proposed 100-foot first and last take point rule for horizontal wells. A 100-foot take point rule will add 266 feet of lateral length per well to recover additional reserves and prevent waste in the field.
6. Parallel 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. Amending the field rules for the Carm-Ann (San Andres) Field will prevent waste.

4. Pursuant to §2001.144(a)(4)(A), of the Texas Government Code, and the consent of the applicants, this Final Order is effective when a Master Order relating to this Final Order is signed on August 15, 2017.

**EXAMINERS' RECOMMENDATION**

Based on the above findings of fact and conclusions of law, the Examiners recommend that the Commission amend the field rules for the Carm-Ann (San Andres) Field, Gaines County, Texas.

Respectfully submitted,



Karl Caldwell  
Technical Examiner



Clayton Hoover  
Administrative Law Judge