



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL AND GAS DOCKET NO. 08-0306077

**THE APPLICATION OF MAMMOTH EXPLORATION LLC TO CONSIDER ADOPTING
PERMANENT FIELD RULES FOR THE SAND HILLS (CLEAR FORK) FIELD, CRANE
COUNTY, TEXAS**

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

HEARING DATE: September 13, 2017
RECORD CLOSED: September 15, 2017
CONFERENCE DATE: November 7, 2017

APPEARANCES: **REPRESENTING:**
APPLICANT: Mammoth Exploration LLC
Dale Miller

EXAMINERS' REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Mammoth Exploration LLC (Mammoth) requests to adopt permanent field rules for the Sand Hills (Clear Fork) Field. The Sand Hills (Clear Fork) Field was discovered in 1966 and is currently under Statewide Rules. Mammoth proposes to adopt the following permanent field rules:

- 1) Designate a correlative interval for the field.
- 2) Adopt 330-foot lease-line spacing with no minimum between well spacing.
- 3) 40-acre standard proration units with optional 20-acre units.
- 4) Adopt allocation formulas for oil and gas wells based on 100% acreage, and unlimited oil-gas ratio authority for oil wells. Mammoth also requests that the allocation formula for gas wells be suspended.

- 5) A six-month exception to Statewide Rule 13 (b)(4)(A) and Statewide Rule 51(a). Mammoth requested that the proposed 6-month exception rules be applied retroactively, however, Mammoth does not consider it to be adverse if the retroactive language is not included. Mammoth is not aware of any wells in which the proposed retroactive language would be applicable and therefore, the retroactive language will not be included in the field rules.

Mammoth also requests to adopt field rules for horizontal wells including first and last take point language; NPZ language, a 50-foot box rule, and an off-site penetration point. The proposed language for horizontal wells is identical to the language in Statewide Rules. Therefore, the language will not be repeated in the field rules for the field to reduce the administrative burden on operators in the field and Commission Staff in interpreting the field rules.

Notice of the application was provided to all operators on the proration schedule for the subject 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 Sand Hills (Clear Fork) Field was discovered December 1, 1966 and is currently under Statewide Rules. A map-view of the field reveals that the majority of the 28 wells completed in the field are concentrated in four areas. Based on the initial potential (IP) test data for oil wells in the subject field, the average well had an IP of 41 BOPD, with a maximum IP of 137 BOPD and a minimum IP of 2 BOPD. The average gas-oil ratio (GOR) for oil wells completed in the field is 8,179 scf/bbl. To-date, the minimum GOR is 843 scf/bbl and the maximum GOR is 65,000 scf/bbl. Mammoth plans to drill horizontal wells in the field and does not want production to be restricted by GOR. Oil wells in the field typically come on-line with a high GOR which then tapers off. For gas wells in the subject field, the average IP is 177 MCFD. Total field production for the field from July 1962 through June 2017 is 579,434 BO and 4,344,193 Mcf of gas.

Since the Sand Hills (Clear Fork) Field is currently under Statewide Rules, there is no designated correlative interval for the field. Mammoth requests to designate the interval from the base to the top of the Clear Fork as the correlative interval for the field. The standard proration unit in the field is currently 40 acres. Mammoth requests to add optional 20 acre units, and to assign additional acreage to horizontal wells pursuant to Statewide Rule 86. The estimated drainage area for single well leases ranges from 1 acre to 39 acres.

Mammoth also requests to adopt 330-foot lease-line spacing with no minimum between well spacing. Mammoth also requests to adopt allocation formulas for oil and gas wells based on 100% acreage, and unlimited oil-gas ratio authority for oil wells.

Mammoth also requests a six-month exception to Statewide Rule 13 (b)(4)(A) and Statewide Rule 51(a), which have been previously granted in similar fields. Mammoth also requests that the allocation formula for gas wells be suspended.

Mammoth proposes to adopt field rules for horizontal wells including first and last take point language; NPZ language, a 50-foot box rule, and an off-site penetration point with notice language. The proposed language for horizontal wells is identical to the language in Statewide Rules. Therefore, the language will not be repeated in the field rules for the field to reduce the administrative burden on operators in the field and Commission Staff in interpreting the field rules.

Mammoth 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 Sand Hills (Clear Fork) Field was discovered December 1, 1966 and is currently under Statewide Rules.
3. The majority of the 28 wells completed in the subject field are concentrated in four areas.
4. The average gas-oil ratio (GOR) for oil wells completed in the field is 8,179 scf/bbl.
 - a. As of the June 2017, the minimum GOR is 843 scf/bbl and the maximum GOR is 65,000 scf/bbl.
 - b. Mammoth plans to drill horizontal wells in the field and does not want production to be restricted by GOR.
 - c. Oil wells in the field typically come on-line with a high GOR which then tapers off.
5. Mammoth is requesting zero between well spacing and 100-foot lease line distance requirements from first and last take points for horizontal wells.
6. Mammoth requests to designate the interval from the base to the top of the Clear Fork as the correlative interval for the field.
7. The standard proration unit in the field is currently 40 acres. Mammoth requests to add optional 20 acre units, and to assign additional acreage to horizontal wells

pursuant to Statewide Rule 86. The estimated drainage area for single well leases ranges from 1 acre to 39 acres.

8. Mammoth requests to adopt field rules for horizontal wells including first and last take point language; NPZ language, a 50-foot box rule, and an off-site penetration point with notice language.
 - a. The proposed language for horizontal wells is identical to the language in Statewide Rules.
 - b. The Statewide rule language will not be repeated verbatim in the field rules for the field to reduce the administrative burden on operators in the field and Commission Staff in interpreting the field rules.
9. Mammoth 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 Sand Hills (Clear Fork) Field will allow operators in the field to recover additional reserves and 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 November 7, 2017.

EXAMINERS' RECOMMENDATION

Based on the above findings of fact and conclusions of law, the Examiners recommend that the Commission adopt permanent field rules for the Sand Hills (Clear Fork) Field, Crane County County, Texas.

Respectfully submitted,



Karl Caldwell
Technical Examiner



Clayton Hoover
Administrative Law Judge