



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL AND GAS DOCKET NO. 06-0305681

THE APPLICATION OF BREITBURN OPERATING L.P. TO ADOPT FIELD RULES FOR THE GLENWOOD (COTTON VALLEY) FIELD AND TO DESIGNATE THE FIELD AS A UFT FIELD UNDER STATEWIDE RULE 86, UPSHUR COUNTY, TEXAS

HEARD BY: Richard Eyster - Technical Examiner
Clayton J. Hoover - Administrative Law Judge

HEARING DATE: September 22, 2017

APPEARANCES:

Tim George
Jim Clark

REPRESENTING:

Breitburn Operating L.P.

EXAMINERS' REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Breitburn Operating, L.P. ("Breitburn") requests and order adopting field rules for the Glenwood (Cotton Valley) Field, in Upshur County, Texas, and designating the field as an Unconventional Fracture Treated ("UFT") field pursuant to Statewide Rule 86. Breitburn seeks the proposed rules and UFT designation to facilitate future drilling and development of the field with horizontal wells. Breitburn has demonstrated that the proposed field rules and UFT designation will prevent waste, protect correlative rights, and promote the orderly development of the field. The application is not protested. The Technical Examiner and Administrative Law Judge (herein "Examiners") recommend that the field rules be adopted, and that the field be designated as a UFT field, as requested by Breitburn.

DISCUSSION OF THE EVIDENCE

The Glenwood (Cotton Valley) Field was discovered on December 20, 1980 at a depth of 11,466 feet. The field is a non-associated gas field. There are currently about 224 wells in the field. The field is currently under Statewide rules. The field was originally developed with vertical wells, but operators are preparing for future drilling and

development with horizontal wells. Horizontal wells in other Cotton Valley fields have generally demonstrated a much greater drainage efficiency than vertical wells.

The field is immediately nearby another similar Cotton Valley field, the Willow Springs (Cotton Valley) Field. That nearby field has seen recent development with horizontal wells and adoption of field rules to facilitate horizontal drilling and development. The rules proposed for this field are similar to those field rules, with an additional request for designation of this field as a UFT Field under Statewide Rule 86. The field rules for that nearby field, and for other Cotton Valley gas reservoirs in the area, have similar density provisions (160-acre or larger standard units with 40-acre options) and dual lease line spacing provisions of 200/330 feet. Drainage calculations also support those proposed unit rules. The proposed acreage allocation formula is appropriate for this reservoir. The other requested field rules (50' box rule, no maximum diagonal, filing of Form P-16, and no required filing of proration unit plats) have become standard for fields developed with horizontal wells and for UFT fields under Statewide Rule 86.

Since 1980, the Cotton Valley formation in this field area has been regulated as a tight gas formation, based on the *in situ* gas permeability of 0.1 millidarcies or less. Numerous other Cotton Valley fields in the area are designated as UFT fields under Statewide Rule 86. With the limited permeability of the Cotton Valley in this field, the use of horizontal drilling and hydraulic fracture treatment are required to optimize recovery of hydrocarbon resources from the field.

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 Glenwood (Cotton Valley) Field was discovered on December 20, 1980 at a depth of 11,466 feet.
3. The field is a non-associated gas field.
4. There are currently 224 wells in the field.
5. The field is currently under Statewide rules.
6. The field was originally developed with vertical wells, but operators now are preparing for future drilling and development with horizontal wells.
7. The field is immediately nearby another similar Cotton Valley Sand field, the Willow Springs (Cotton Valley) Field, with recent development with horizontal wells, and field rules to facilitate horizontal drilling and development.
8. The field rules for other Cotton Valley gas reservoirs in the area have similar density provisions (160-acre or larger standard units with 40-acre options) and

dual lease line spacing provisions of 200/330 feet, and those rules will promote recovery of hydrocarbons to prevent waste and protect correlative rights in this field. Drainage calculations support the proposed unit rules. The proposed acreage allocation formula is appropriate for this reservoir.

9. The requested field rules (50' box rule, no maximum diagonal, filing of Form P-16, no required filing of proration unit plats) have become standard for fields developed with horizontal wells and for UFT fields under Statewide Rule 86.
10. The *in situ* permeability of the Cotton Valley formation within this field is 0.1 millidarcy or less. Numerous other Cotton Valley fields in the area are designated as UFT fields under Statewide Rule 86.
11. Horizontal drilling and hydraulic fracture treatment must be used in order to recover the resources from all or a part of the field, and UFT designation will promote orderly development of the field.
12. The proposed field rules will reduce waste, protect correlative rights, and promote the orderly development of the field.

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 and UFT designation will reduce waste, protect correlative rights, and promote the orderly development of the field.

EXAMINERS' RECOMMENDATION

Based in the above findings of fact and conclusions of law, the Examiners recommend the Commission enter an order granting the application of Breitburn Operating, L.P. to adopt the field rules for the Glenwood (Cotton Valley) Field and to designate the field as an Unconventional Fracture Treated field pursuant to Statewide Rule 86.

Respectfully submitted,



Richard Eyster, P.G.
Technical Examiner



Clayton J. Hoover
Administrative Law Judge