



# RAILROAD COMMISSION OF TEXAS

## HEARINGS DIVISION

OIL AND GAS DOCKET NO. 09-0307223

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**THE APPLICATION OF JMH PRODUCTION, LLC TO CONSIDER AMENDING THE FIELD RULES FOR THE JEAN, NW (CADDO) FIELD, ARCHER AND YOUNG COUNTIES, TEXAS**

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**HEARD BY:** Karl Caldwell – Technical Examiner  
Kristi M. Reeve – Administrative Law Judge

**HEARING DATE:** December 6, 2017  
**RECORD CLOSED:** January 2, 2018  
**CONFERENCE DATE:** January 23, 2018

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

**APPLICANT:** JMH Production, LLC

Rick Johnston

### EXAMINERS' REPORT AND RECOMMENDATION

#### STATEMENT OF THE CASE

JMH Production, LLC (JMH) requests to amend the field rules for the Jean, NW (Caddo) Field in Archer and Young Counties, Texas. JMH proposes the following field rule amendments:

- 1) No change to the correlative interval for the field.
- 2) 330-foot lease-line spacing with between well spacing of 660 feet.
- 3) 40-acre standard proration units with optional 20-acre units. Proration plats not required with filing of Form P-16 listing wells and associated acreage.
- 4) Oil allowable: 50% per well and 50% acreage.

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 Jean, NW (Caddo) Field was discovered in 1961 with the drilling of the F.V. Hinson, No. 1-UT Well in Young County. The field was under county regular rules from 1961 to 2013. Field rules were adopted for the Jean, NW (Caddo) Field on March 26, 2013 in Oil and Gas Docket No. 09-0279066. The productive interval in the subject field is a limestone, and the field is a vertical play, with stratigraphic porosity developments that may not correlate from well to well.

The current field rules include density and spacing provisions of 40-acre units with 330' – 933' well spacing, with a maximum diagonal of 2,100 feet. JMH operates the Hamilton-Laird Lease, (32317), which is a large lease in addition several one well leases in the subject field. JMH is requesting to amend the field rules to file Form P-16 listing wells and associated acreage, instead of a requirement to file proration unit plats, with no maximum diagonal requirement.

JMH's expert petroleum engineering witness performed drainage calculations for five different wells in the subject field. The drainage areas ranged from 10.7 acres to 31.3 acres. JMH is requesting to adopt 20-acre optional units and well spacing of 660 feet. JMH's expert petroleum engineering witness believes that the drainage calculations support the request to add optional 20-acre density units and to reduce the well spacing from 933 feet to 660 feet. JMH also requests that the oil allowable be based on a two-factor formula, 50% per well and 50% acreage.

JMH 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 and no protests were received.
2. JMH Production, LLC (JMH) requests to amend the field rules for the Jean, NW (Caddo) Field in Archer and Young Counties, Texas
3. The Jean, NW (Caddo) Field was discovered in 1961 with the drilling of the F.V. Hinson, No. 1-UT Well in Young County.
4. Field rules were adopted for the Jean, NW (Caddo) Field on March 26, 2013 in Oil and Gas Docket No. 09-0279066.

5. The Jean, NW (Caddo) Field field interval is a limestone, and is a vertical play, with stratigraphic porosity developments that may not correlate from well to well.
6. JMH operates the Hamilton-Laird Lease, (32317), which is a large lease, in addition several one well leases in the subject field. JMH is requesting to amend the field rules to file Form P-16 listing wells and associated acreage, instead of a requirement to file proration unit plats, with no maximum diagonal requirement.
7. JMH's expert petroleum engineering witness performed drainage calculations for five different wells in the subject field.
  - a. The drainage areas ranged from 10.7 acres to 31.3 acres.
  - b. JMH is requesting to adopt 20-acre optional units and well spacing of 660 feet.
  - c. The drainage calculations support the request to add optional 20-acre density units and to reduce the well spacing from 933 feet to 660 feet.
8. JMH requests that the oil allowable be based on a two-factor formula, 50% per well and 50% acreage.
9. JMH 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 Jean, NW (Caddo) 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 January 23, 2018.

**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 Jean, NW (Caddo) Field in Archer and Young Counties, Texas.

Respectfully submitted,



Karl Caldwell  
Technical Examiner



Kristi M. Reeve  
Administrative Law Judge