

# RAILROAD COMMISSION OF TEXAS

## HEARINGS DIVISION

Oil and Gas Docket No. 08-0306667

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**APPLICATION OF CROSSING ROCKS ENERGY, LLC TO AMEND THE FIELD RULES FOR THE WAHA W. (CONSOLIDATED DELAWARE) FIELD, AND TO CANCEL OVERPRODUCTION FOR ALL WELLS IN THIS FIELD, WARD AND REEVES COUNTIES, TEXAS.**

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**HEARD BY:** Richard Eyster, P.G. — Technical Examiner  
Clayton J. Hoover — Administrative Law Judge

**HEARING DATE:** October 30, 2017

**APPEARANCES:**

**APPLICANT:**

H. Philip Whitworth  
Rick Johnston, P.E.  
Stephanie Kover  
Preston Windham  
Andy Nelson  
Ed Standley

**REPRESENTING:**

Crossing Rocks Energy, LLC

**PROCEDURAL HISTORY**

Application Filed:	August 29, 2017
Notice of Hearing:	September 27, 2017
Request for Expansion of Hearing Filed:	October 6, 2017
Amended Notice of Hearing:	October 9, 2017
Date of Hearing:	October 30, 2017

**EXAMINER'S REPORT AND RECOMMENDATION**

### **STATEMENT OF THE CASE**

Crossing Rocks Energy, LLC (“Crossing Rocks”) requests that the Commission amend the field rules for the Waha W. (Consolidated Delaware) Field in Ward and Reeves Counties, Texas. Crossing Rocks filed its application to amend the field rules on August 29, 2017. Hearing was set for October 30, 2017 and notice of hearing for the amended field rules was given to all parties entitled to notice on September 27, 2017. On October 6, 2017, Crossing Rocks filed a request to expand the scope of the hearing to include cancellation of overproduction, and on October 9, 2017, an amended notice of hearing was given to all parties entitled to notice.

Field Rules for the Waha, W. (Consolidated Delaware) Field were most recently amended in Final Order No. 08-0304902, effective August 15, 2017. The current Field Rules in effect for the field are summarized as follows:

- Rule 1. Designation of the field as the correlative interval from 5,030 feet (MD) to 8,115 feet (MD), as shown on the Borehole Compensated Sonic log of the Tom Brown, Inc. Lyda G 4 No. 1 Well (API No. 42-389-32194).
- Rule 2. 300'-0' lease line spacing for oil and gas wells.
- Rule 3. 40 acre oil and gas units with a 20 acre tolerance for the last well on the same lease or unit for oil wells.
- Rule 4a. Oil and gas allowables based on 75% acreage and 25% per well.
- Rule 4b. Gas well allocation to allow multiple Rule 49(b) allowables with a maximum allowed acreage of 160 acres plus 10% tolerance.
- Rule 5. Fieldwide GOR of 2000 SCF/Bbl with a Net GOR gas limit of 5000 MCFD per well.

Crossing Rocks requests the current density rule (Rule 3) be amended to provide for optional 20 acre drilling and proration units for oil and gas wells. In addition, Crossing Rocks also requests that any overproduction in the field be cancelled.

The application is unopposed. The Administrative Law Judge and Technical Examiner (collectively, “Examiners”) recommend that the field rules for the Waha W. (Consolidated Delaware) Field be amended, and the overproduction be canceled as requested by Crossing Rocks.

### **DISCUSSION OF THE EVIDENCE**

In 1974, the Railroad Commission consolidated the Waha West (Delaware 5500), (Delaware 5800), (Delaware 5800, South), (6050 Sand), (6250), and (6450 Sand) into the Waha W. (Consolidated Delaware) Field. The field operates under field rules that provide

for 40 acre oil and gas units with a 20 acre tolerance for the last well on the same lease or unit for oil wells. There are currently 23 producing oil wells and 1 shut in gas well listed on the October 2017 oil and gas proration schedule. Cumulative production from the Field through June 2017 is approximately 2.95 million barrels of oil and 27.54 billion cubic feet of gas.

Crossing Rocks presented volumetric drainage calculations for four vertical wells in the field: (1) the Fidelity Trust #5 Well (API No. 42-389-30209) which has been produced to depletion; (2) the Ligon, S.E. 'A' #6 Well (API No. 42-389-31700) which has also been produced to depletion; the currently-producing J.H. Hodge #9 Well (API No. 42-371-37740); and (4) the Trees, J.C. Estate 'A' #8 Well (API No. 42-389-10492) which has been produced to depletion. The net pay thicknesses of the four wells range from 24 feet to 66 feet and the estimated ultimate recoveries range from 28,720 to 59,050 barrels of oil. Based upon a porosity of 20%, water saturation of 60%, and a recovery factor of 0.05, one of the wells has a calculated drainage area of 83.0 acres, and three of the wells have a calculated drainage area ranging from 16.8 to 24.9 acres. These volumetric calculations support amending the density rule to provide a 20 acre option for oil and gas wells.

There is significant Commission precedent for optional 20 acre units for fields in the Delaware Basin as requested by Crossing Rocks. For example, the Commission has previously adopted such an optional rule for the Coyanosa, W. (Delaware 5200) Field, the Ken Regan (Delaware) Field, the Marsh, S. (Delaware) Field, the Matthews (Canyon Cons.) Field, the Matthews (Lower Cherry Canyon) Field, and the Rhoda Walker Canyon 5900) Field.

Crossing Rocks plans to develop the field with new vertical wells that will be completed in the Bell Canyon, Cherry Canyon, Brushy Canyon, and Leonard Shale formations. The new Crossing Rocks wells are planned to be drilled in between existing, shallower wells in the field. Development of the field with optional 20 acre units will allow infill drilling to produce recoverable reserves from the field without unnecessary Rule 38 exceptions.

Crossing Rocks agreed that, pursuant to the provisions of Texas Government Code § 2001.144(a)(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 given to all parties entitled to notice at least ten (10) days prior to the date of the hearing.
2. In 1974 various fields were consolidated into the Waha, W. (Consolidated Delaware) Field.

- a. As shown on the October 2017 Oil and Gas Proration Schedules for the field there are 23 producing oil wells and 1 shut in gas well completed in the Waha W. (Consolidated Delaware) Field.
  - b. Cumulative production from the Field through June 2017 is approximately 2.95 million barrels of oil and 27.54 billion cubic feet of gas.
  - c. Crossing Rocks plans to actively developing the field with vertical infill wells.
3. A density rule providing for optional 20 acre drilling and proration units will allow recoverable reserves from the field to be produced without unnecessary density exceptions.
    - a. Drainage area calculations based upon volumetrics for 3 wells that have been produced to depletion show drainage areas of 20.3 acres, 16.8 acres, and 83.0 acres.
    - b. An additional drainage area calculation based upon volumetrics for a currently producing well show a drainage area of 24.9 acres.
  4. Development of the field with optional 20 acre units will allow infill drilling for efficient and prudent development of the field's reserves.
  5. Cancellation of overproduction for all wells in the field is appropriate.
    - a. Limited drainage areas assure that no harm to correlative rights will result from the cancellation of overproduction.
    - b. Shutting in overproduced wells to make up overproduction will not promote any conservation purpose.

#### **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 § 1.45
3. Adoption of the proposed field rule amendment for the Waha W. (Consolidated Delaware) Field will prevent waste, protect correlative rights, and promote the orderly development of the field.
4. Cancellation of overproduction will not harm correlative rights or cause waste of recoverable hydrocarbons in the field.

5. Pursuant to § 2001.144(a)(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.


**RECOMMENDATION**

Based on the above findings of fact and conclusions of law, the Examiners recommend that the Commission amend the field rules for the Waha W. (Consolidated Delaware) Field as requested by Crossing Rocks. The Examiners also recommend that all overproduction in the field be cancelled.

Respectfully submitted,



Richard Eyster, P. G.  
Technical Examiner



Clayton J. Hoover  
Administrative Law Judge