



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL & GAS DOCKET No. 7C-0307694

APPLICATION OF RELIANCE ENERGY, INC. TO CONSIDER A FIELD WIDE NET GAS-OIL RATIO AND CANCEL OVERPRODUCTION FOR THE NOELKE (CLEAR FORK) FIELD, CROCKETT COUNTY, TEXAS

HEARD BY: Paul Dubois, P.E. – Technical Examiner
Clayton Hoover – Administrative Law Judge

HEARING DATE: January 31, 2018

CONFERENCE DATE: March 20, 2018

APPEARANCES:

APPLICANT: Brian R. Sullivan, P.E.
Patrick Cook

REPRESENTING: Reliance Energy, inc.

EXAMINERS' REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Reliance Energy, Inc. ("Reliance") requests the Commission adopt a field-wide unlimited net gas-oil ratio for the Noelke (Clear Fork) Field, Crockett County, Texas. Reliance also requests the Commission cancel the overproduction that has accrued in the Noelke (Clear Fork) Field, Crockett County, Texas. The application was not protested. The administrative law judge and technical examiner ("Examiners") recommend Reliance's application be granted and the overproduction cancelled.

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 Noelke (Clear Fork) Field was discovered on February 8, 1950 at a depth of 3,938 feet.
3. The January 2018 proration schedule carries six producing and one

injection well.

4. Reliance is the only operator of wells in the field.
5. The Noelke (Clear Fork) Field extends from the top of the Clear Fork Formation to the top of the Wolfcamp Formation.
6. The Noelke (Clear Fork) Field is 500 to 700 feet thick and includes upper and lower productive zones.
7. The Noelke (Clear Fork) Field lithology is described as a "ratty carbonate" in which it is not possible to distinguish gas producing zones from oil producing zones during drilling and logging.
 - a. The average porosity is 6 to 10 percent.
 - b. The average gravity of oil is 38 API.
 - c. The gas has a heat content of 1,113 British thermal unit per thousand cubic feet.
 - d. The field has produced 80,649 barrels of oil and more than 1 billion cubic feet of gas.
 - e. The average weighted gas to oil ratio is 12,562 barrels per cubic foot.
8. For well completion, Reliance stimulates the entire Clear Fork Formation interval, typically with hydraulic fracturing in two or three stages.
9. Wells flow naturally for three to six months before being placed on artificial lift (typically a rod pump).
10. Reliance is not able to adjust the gas to oil ratio in a production test because the wells on production are equipped with downhole separators to improve production efficiency, and the gas pressure at the surface is about 110 pounds per square inch.
11. An unlimited net gas oil ratio will allow Reliance to efficiently develop the field.
12. Cancellation of overproduction will enable Reliance to continue to produce wells in the field without harm, protecting its correlative rights and preventing waste.
13. At the hearing, the applicant agreed on the record that a Final Order in this case is to be effective when the Master Order is signed.

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 §§1.42 and 1.45.
3. Approval of the application will prevent waste and protect correlative rights.
4. Pursuant to §2001.144(a)(4)(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 on March 20, 2018.

EXAMINERS' RECOMMENDATION

The Examiners recommend approval of the application of Reliance Energy, Inc. for an unlimited net gas to oil ratio and to cancel accrued over production for the Noelke (Clear Fork) Field, Crockett County, Texas.

Respectfully submitted,



Paul Dubois, P.E.
Technical Examiner



Clayton Hoover
Administrative Law Judge