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DANA AVANT LEWIS
INTERIM DIRECTOR

RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL AND GAS DOCKET NO. 02-0310648

THE APPLICATION OF ALTA MESA SERVICES, LP CONSOLIDATING VARIOUS FIELDS INTO THE BRANDT (RECKLAW-WILCOX CONS.) FIELD AND ADOPTING FIELD RULES FOR THE BRANDT (RECKLAW-WILCOX CONS.) FIELD, GOLIAD AND DEWITT COUNTIES, TEXAS.

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

HEARING DATE: June 27, 2018

RECORD CLOSED: August 3, 2018

APPEARANCES:

Frank Muser

REPRESENTING:

Alta Mesa Services L.P.

EXAMINERS' REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Alta Mesa Services, LP ("Alta Mesa") is seeking to Consolidate the fields listed below into the Brandt (Recklaw-Wilcox Cons.) Field:

RRC Field Name	RRC Field Number
Boyce (Bednorz)	11023050
Brandt (Recklaw)	11381166
Brandt (Wilcox 9800)	11381336
Brandt, S. (Brandt 7485)	11386333
Goat Creek (Mackhank)	35467400
Gottschart (Luling 7600)	36065372
Gottschart (Mackhank 7700)	36065496
Gottschart (Massive 3)	36065558
Gottschart (Recklaw 7300)	36065682
Gottschart (8900)	36065930
Gottschart, West (Slick)	36069800

Gottschalt (Recklaw 7300)	36065682
Gottschalt (8900)	36065930
Gottschalt, West (Slick)	36069800
Gowitt (Wilcox 8,800)	36140428
Manahuilla (Mackhank)	57040440
Manahuilla (Slick)	57040480
Manahuilla (Wilcox)	57040500
Slick, East (2-7600)	84076666
Slick, S. (Wilcox "J")	84079600
Weesatche (Slick 7600)	95845750
Weesatche, NE. (Little Sand)	95848100
Weesatche, NE. (Wilcox)	95848444
Weesatche, West (Luling)	95853246

and to adopt Field Rules for the proposed Brandt (Recklaw-Wilcox Cons.) Field, in Goliad and DeWitt Counties, Texas. Alta Mesa has demonstrated that the proposed field consolidation and proposed field rules 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 (collectively "Examiners") recommend that the field rules be amended, as requested by Alta Mesa.

DISCUSSION OF THE EVIDENCE

Alta Mesa is proposing to adopt the following field rules for the Brandt (Mid Wilcox Cons.) Field;

1. The entire correlative interval from 7,400 feet to 8,600 feet as shown on the Induction Electrolog of the Alta Mesa Services, LP Williams GU #1 Well (API No. 42-175-34242), located in the J.M. Mancha Survey, A-203, Goliad County, Texas, shall be designated as a single reservoir for proration purposes and be designated as the Brandt (Recklaw-Wilcox Cons.) Field.

Applicant proposes the following field rules for the proposed Brandt (Recklaw-Wilcox Cons.) Field:

Correlative Interval as seen in 42-175-34242	7,400'-8,600'
Lease Line Spacing	330
Between Well Spacing	933
Gas Density	40
Oil Density	40
Tolerance Acreage	20 – oil; 10% - gas

Maximum Diagonal	0
Gas Allocation	100% AOF
Oil Allocation	1965 Yardstick

Alt Mesa is also requesting that for the determination of acreage credit in this field, operators shall file for each gas well in this field Form P-15 Statement of Productivity of Acreage Assigned to Proration Units, or Form P-16 Data Sheet Acreage Designation and that the allocation formula for gas wells in the Brandt (Mid Wilcox Cons.) Field be suspended.

Alta Mesa reported that consolidation of the various fields and adopting the proposed field rules will allow for efficient development of the field and prevent waste. The fields in the proposed Brandt (Recklaw – Wilson Cons) interval are depleted and require wellbores that produce multiple zones to drain additional economic reserves. Alta Mesa presented evidence that demonstrated the various fields are stratigraphically equivalent and fall within the proposed correlative interval. The cost to recover reserves across multiple pay zones is lower than producing individual fields. Production history and results of volumetric calculations indicate drainage area of 40 acres is appropriate. AMS stated that fluids from all the fields are compatible, and that the bottom hole pressures of the fields are similar. The Gottschalt (Luling), the Gottschalt (Recklaw 7300) and the Gottschalt (8900) Fields are currently under special rules. The remaining fields are under statewide rules.

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 hearing and no protests were received.
2. The Gottschalt (Luling), the Gottschalt (Recklaw 7300) and the Gottschalt (8900) Fields are currently under special rules. The remaining fields are under statewide rules.
3. All the fields were discovered at various times, from 1929 to 1990 and are depleted
4. The various fields are stratigraphically equivalent and fall within the proposed correlative interval.
5. Production history and results of volumetric calculations indicate drainage area of 40 acres is appropriate.
6. Fluids from all the fields are compatible, and the bottom hole pressures of the fields are similar.
7. Consolidation of the various fields and adopting the proposed field rules will allow for efficient development of the field and prevent waste.

8. At the hearing, the applicant agreed on the record that the Final Order in this case is to be effective when the Master Order is signed.

CONCLUSIONS OF LAW

1. All things have occurred and been accomplished to give the Commission jurisdiction in this matter. Tex. Nat. Res. Code § 81.051.
2. All notice requirements have been satisfied. 16 Tex. Admin. Code § 1.4.
3. Consolidation of the various fields and adopting the proposed field rules will allow for efficient development of the field and prevent waste.
4. Pursuant to §2001.144(a)(4)(A), of the Texas Government Code, and the agreement of the applicant, the Final Order is effective when a Master Order relating to the Final Order is signed on October 16, 2018.

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 Alta Mesa Services, L.P. to amend the field rules for the Brandt (Recklaw – Wilson Cons) Field, Goliad and Dewitt Counties, Texas.

Respectfully submitted,


Richard Eyster, P.G.
Technical Examiner


Clayton J. Hoover
Administrative Law Judge