



# RAILROAD COMMISSION OF TEXAS

## HEARINGS DIVISION

**OIL AND GAS DOCKET NO. 06-0315175**

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**APPLICATION OF SABINE OIL & GAS CORPORATION (742143) TO CONSIDER AMENDING FIELD RULES FOR THE GILMER (COTTON VALLEY SANDS) FIELD, UPSHUR COUNTY, TEXAS**

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**HEARD BY:** Robert Musick - Technical Hearings Examiner  
Kristi M. Reeve - Administrative Law Judge

**HEARING DATE:** November 20, 2018

**CONFERENCE DATE:** January 23, 2019

**APPEARANCES:**

**REPRESENTING:**

**APPLICANT:**

Dale E. Miller

Sabine Oil & Gas Corporation.

### **EXAMINERS' REPORT AND RECOMMENDATION**

#### **STATEMENT OF THE CASE**

Sabine Oil & Gas Corporation ("Sabine") seeks to amend the current field rules for the Gilmer (Cotton Valley Sands) Field, ("Field"), Upshur County, Texas. Sabine has requested to amend the lease line or subdivision line spacing from 467 feet to 330 feet; amend the between well spacing from 660 feet to no between well spacing; amend the first and last take points to 100 feet; and amend the optional proration unit for the Field to 20-acres.

The adoption of the requested Field rules will promote horizontal drilling, protect correlative rights, allow for greater flexibility and additional development through the drilling of horizontal wells, which will increase recovery and prevent waste.

Notice was given to operators in the Field, the application was not protested, and no protesting party appeared at the hearing. The Technical Examiner and Administrative Law Judge (collectively, "Examiners") recommend the amended field rules as set out in the Final Order be granted.

### DISCUSSION OF THE EVIDENCE

Sabine sent a letter dated September 19, 2018, requesting a hearing to amend field rules. A Notice of Hearing was issued by the Commission on October 23, 2018, to all operators entitled to notice at least ten days prior to the date of the hearing. A hearing was held on November 20, 2018.

The Field (No. 34943300) is in Upshur County and was discovered when the first oil well was installed on January 31, 1979. The correlative interval for the Field is from 9,185 feet to 11,640 feet deep. In December 2010, Oil and Gas Docket No. 06-0267623, consolidated several nearby fields identified as the Gilmer (Bossier Sand), Gilmer, N.E. (Cotton Valley), Wilkins, N. (Cotton Valley Sand) into the current Field, the Gilmer (Cotton Valley Sands) Field. In April 2016, the Field was designated as an unconventional fracture treated (UFT) field as per Oil and Gas Docket No. 01-0299858.

The Field is currently operating with a top allowable of 237 barrels of oil per day and 474 thousand cubic feet ("MCF") per day of gas. Evidence in the hearing indicates that 63 wells have been completed in the Field from 1979 to March 2018, with 11 of these wells being drilled as horizontal drainhole wells. Recent activity in the Field is primarily horizontal well completions, with the last horizontal well being installed in February 2018. The Proration Schedule for the Field dated October 1, 2018, indicates one operator with two active oil wells in the Field and nine operators with 38 active gas wells in the Field.

Since discovery in 1979, cumulative production from the Field through August 2018 is 51,024 barrels of oil ("BO"), 136,710 MCF of casinghead gas, 24.67 BCF (billion cubic feet) of gas, and 358,302 barrels of condensate.

Sabine's application requests to:

- maintain the correlative interval for the Field from 9,185 feet to 11,640 feet;
- amend the lease line or subdivision line spacing from 467 feet to 330 feet for take points associated with vertical and horizontal wells in the Field;
- amend the between well spacing from 660 feet to no minimum (0 feet) well spacing associated with horizontal to vertical wells and horizontal to horizontal wells;
- amend the horizontal well first and last take points from 467 feet to 100 feet; and,
- amend the optional proration unit for the Field to 20 acres for both oil and gas.

Testimony in the hearing indicates the requested amendments to spacing and density would allow for greater flexibility and additional development through the drilling of infill wells. Evidence in the hearing indicates the Field is a UFT field and the optional proration unit requested of 20-acres is warranted.

The requested rule changes will be protective of correlative rights, increase recovery of resources and prevent waste. The Examiners recommend granting the application.

At the hearing, Sabine agreed on the record that the Final Order in this case is to be final and effective when the Master Order relating to the Final Order is signed.

### **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 and no protests were received.
2. Sabine seeks to amend the current field rules for the Gilmer (Cotton Valley Sands) Field, ("Field"), Upshur County, Texas.
3. The Field (No. 34943300) is in Upshur County and was discovered when the first oil well was installed on January 31, 1979. The correlative interval for the Field is from 9,185 feet to 11,640 feet deep.
4. In December 2010, Oil and Gas Docket No. 06-0267623, consolidated several nearby fields identified as the Gilmer (Bossier Sand), Gilmer, N.E. (Cotton Valley), Wilkins, N. (Cotton Valley Sand) into the current Field, the Gilmer (Cotton Valley Sands) Field. In April 2016, the Field was designated as an unconventional fracture treated (UFT) Field as per Oil and Gas Docket No. 01-0299858.
5. The Field is currently operating with a top allowable of 237 BO per day.
6. Evidence in the hearing indicates that 63 wells have been drilled from 1979 to March 2018, with 11 of these wells being drilled as horizontal drainhole wells. Recent activity in the Field is primarily horizontal well completions with the last horizontal well being installed in February 2018.
7. The Proration Schedule dated October 1, 2018, indicate one operator with two active oil wells in the Field and nine operators with 38 active gas wells in the Field.
8. From January 1979 through August 2018, cumulative production for the Field is 51,024 BO, 136,710 MCF of casinghead gas, 24.67 BCF of gas, and 358,302 barrels of condensate.
9. In the hearing held on November 30, 2018, Sabine requested to:
  - maintain the correlative interval for the Field from 9,185 feet to 11,640 feet;
  - amend the lease line or subdivision line spacing from 467 feet to 330 feet for take points associated with vertical and horizontal wells in the Field;
  - amend the between well spacing from 660 feet to no minimum (0 feet) well spacing associated with horizontal to vertical wells and horizontal to horizontal wells;
  - amend the horizontal well first and last take points from 467 feet to 100 feet; and,

- amend the optional proration unit for the Field to 20-acres for both oil and gas.
10. The requested rule changes will be protective of correlative rights, increase recovery of resources and prevent waste.
  11. At the hearing, Sabine agreed on the record that the Final Order in this case is to be final and effective when the Master Order relating to the Final 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.
3. The requested amendment to the Field Rules will prevent waste.
4. Pursuant to § 2001.144 (a)(4)(A) of the Texas Government Code and the agreement of the applicant, this Final Order is final and effective when a Master Order relating to the Final Order is presented at Commission conference and signed by the Commissioners.

#### EXAMINER'S RECOMMENDATION

Based on the above findings of facts and conclusions of law, the Examiners recommend the Commission enter an order regarding the application of Sabine Oil & Gas Corporation granting the amended field rules as set out in the proposed Final Order for the Gilmer (Cotton Valley Sands) Field, Upshur County, Texas.

Respectfully submitted,



Robert Musick  
Technical Hearings Examiner



Kristi M. Reeve  
Administrative Law Judge