



# RAILROAD COMMISSION OF TEXAS

## HEARINGS DIVISION

OIL AND GAS DOCKET NO. 8A-0312767

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**APPLICATION OF STEADFAST OIL & GAS, LLC (816594) TO AMEND FIELD RULES FOR THE WELCH FIELD, TERRY, GAINES AND DAWSON COUNTIES, TEXAS**

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**HEARD BY:** Robert Musick - Technical Hearings Examiner  
Clayton J. Hoover - Administrative Law Judge

**HEARING DATE:** September 10, 2018

**CONFERENCE DATE:** January 23, 2019

**APPEARANCES:**

**REPRESENTING:**

APPLICANT

Matthew Baab  
Frank Muser, P.E.  
Robert Saman

Steadfast Oil & Gas LLC

### EXAMINERS' REPORT AND RECOMMENDATION

#### STATEMENT OF THE CASE

Steadfast Oil & Gas, LLC ("Steadfast") seeks to amend the current oil and gas field rules in effect for the Welch Field ("Field"), Terry, Gaines and Dawson Counties, Texas. Steadfast seeks the proposed rule changes to promote proper development of the Field to maximize production using horizontal wells. Steadfast proposes to amend the horizontal well Field rules for first and last "take points" and between-well-spacing to facilitate additional development in the Field; delete the maximum diagonal rule; and file Form P-16 in lieu of the individual proration plats currently required.

Steadfast has demonstrated that the proposed Field rule amendments will prevent waste and promote the orderly development of the Field. Notice was provided to all 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 that the amended field rules be granted as proposed by Steadfast.

## DISCUSSION OF THE EVIDENCE

The Field (No. 96062001) is primarily in Dawson County, Texas, but evidence presented in the hearing indicates the wells are also in Terry and Gaines Counties, Texas. The Field was discovered in 1941 and adopted through Final Order 8-8518, dated January 7, 1946. The last amendment to the field rule was in April 1989 by Order No. 8A-93076. The August 1, 2018, proration schedule indicates the Field does not have a correlative interval, but the production target is the San Andres formation at about 5,000 feet deep.

The Field is situated in an area with several mature San Andres fields, including the Carm-Ann (San Andres) Field, Block A-34 (San Andres) Field, ODC, NE (San Andres) Field and the Shafter Lake (San Andres) Field. Steadfast is requesting to amend the field rules to be consistent with the requirements in other nearby San Andres fields to allow flexibility in drilling new horizontal wells to promote the orderly development of the Field.

In the hearing, Steadfast is requesting to:

- adopt a 100-foot first and last take point to facilitate additional development in the Field;
- delete the 660-foot between-well-spacing requirement to facilitate horizontal development in previously developed areas of the Field;
- delete the 2,100-foot maximum diagonal rule; and
- adopt a reporting requirement to file Form P-16 in lieu of the individual proration plats, but retaining the option to file the individual proration plats if so desired.

On June 29, 2018, Steadfast requested a hearing to amend field rules. A Notice of Hearing was issued by the Commission on August 6, 2018, and a supplemental Notice on August 24, 2018, to all parties entitled to notice at least ten days prior to the date of the hearing. A hearing was held on September 10, 2018.

Steadfast asserts the proposed field rule amendment requested in the hearing will promote horizontal well development within the Field. The Examiners recommend approval of the amended field rule requested by Steadfast.

## FINDINGS OF FACT

1. A Notice of Hearing was issued by the Commission on August 6, 2018, and a supplemental Notice on August 24, 2018, to all parties entitled to notice at least ten days prior to the date of the hearing. No protests were received.
2. Steadfast Oil & Gas, LLC seeks to amend the current oil and gas field rules in effect for the Welch Field (Field No. 96062001), Terry, Gaines and Dawson Counties, Texas to promote proper development of the Field to maximize

production using horizontal wells.

3. The Field was discovered in 1941 and adopted through Final Order 8-8518, dated January 7, 1946. The last amendment to the field rule was in April 1989, by Order No. 8A-93076.
4. On June 29, 2018, Steadfast requested a hearing to amend field rules. A hearing was held on September 10, 2018.
5. Steadfast is requesting to amend the field rules to be consistent with the requirements in other nearby San Andres fields to allow flexibility in drilling new horizontal wells to promote the orderly development of the Field.
6. Steadfast proposed the following in the hearing:
  - adopt a 100-foot first and last take point to facilitate additional development in the Field;
  - delete the 660-foot between-well-spacing requirement to facilitate horizontal development in previously developed areas of the Field;
  - delete the 2,100-foot maximum diagonal rule; and
  - adopt a reporting requirement to file Form P-16 in lieu of filing the proration plat. A proration plat will remain an option for Operators to accommodate stipulations within existing leases.
7. Steadfast has demonstrated that the proposed field rule amendment will prevent waste and promote the orderly development of the Field.
8. At the hearing, the Steadfast 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 §§ 1.43 and 1.45.
3. The proposed field rules will prevent waste and promote the orderly development of the Field.
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 granting the application of Steadfast Oil & Gas, LLC, to amend the field rules for the Welch Field, Dawson, Terry and Gaines Counties, Texas.

Respectfully submitted,



Robert Musick  
Technical Hearings Examiner



Clayton J. Hoover  
Administrative Law Judge