



# RAILROAD COMMISSION OF TEXAS

## HEARINGS DIVISION

**OIL AND GAS DOCKET NO. 06-0311970**

**APPLICATION OF VALENCE OPERATING COMPANY (881167) TO AMEND THE  
FIELD RULES FOR THE GOODSON (TRAVIS PEAK) FIELD, SMITH COUNTY, TEXAS**

**PREPARED BY:** Robert Musick, P.G. - Technical Hearings Examiner  
Jennifer Cook - Administrative Law Judge

**HEARING DATE:** August 27, 2018

**CONFERENCE DATE:** August 6, 2019

**APPEARANCES:**

**APPLICANT:**

Rick Johnston, P.E., Engineer

**REPRESENTING:**

Valence Operating Company

**EXAMINERS' REPORT AND RECOMMENDATION**

**STATEMENT OF THE CASE**

Valence Operating Company ("Valence") seeks to amend the field rules for the Goodson (Travis Peak) Field ("Field"), in Smith County, Texas. Valence requests to adopt a correlative interval; a 330-foot lease line spacing requirement; a 600-foot vertical well density requirement; a no between well spacing requirement between horizontal and vertical wells; a 200-foot first and last take point rule; an updated reporting format for horizontal wells to include Form P-16; and an oil allowable for wells based on 100 percent acreage assignment.

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**

Valence sent a letter dated June 5, 2018, requesting a hearing to amend the Field rules. A Notice of Hearing was issued by the Commission on July 11, 2018, to operators in the Field at least ten days prior to the date of the hearing. A hearing was held on August 27, 2018. The application was not protested.

The Field (No. 35830500) is in Smith County, Texas and was discovered July 25, 1981. The Field is about 10,583 feet deep and is currently operating with a top allowable of 212 barrels of oil per day ("BOPD") and 424 thousand cubic feet per day ("MCF/Day") of gas. The August 2018 oil proration schedule identified four wells in the Field that are associated with four operators: Berkshire Operating, LLC; Challenger Energy Services Co.; Flint Pipeline Company; and Valence.

Since discovery in 1981, cumulative production from the Field through August 2018 is 123 thousand barrels of oil ("MBO") and 105 million cubic feet ("MMCF") of casinghead gas.

Valence initially proposed amending the field rules for the Goodson (Travis Peak) Field to include provisions that mirror portions of Statewide Rule § 3.86. In a letter dated January 18, 2019, Valence withdrew its request for language in the proposed field rules that was duplicative of Statewide Rule § 3.86. In addition, in correspondence dated June 11, 2019, Valence withdrew its request for an exception to Statewide Rule 13(b) proposed in the application.

Valence requests to adopt the following Field rules:

- A correlative interval from 10,380 feet to 10,720 feet. Valence proposes the following language:

The entire correlative interval is from the top to the base of the Travis Peak formation identified from 10,380 feet to 10,720 feet, as shown on the induction resistivity log from Baker Hughes dated March 23, 2010, for the Berkshire Operating, LLC - Bain No. 1 Well (API 42-423-32271), located 1650 FEL and 1450 FSL, Section 48, Don Thomas Quevedo Survey, A-18, Smith County, Texas. The entire correlative interval as described in the Bain No. 1 Well is a single reservoir for proration purposes and is designated as the Goodson (Travis Peak) Field;

- Lease line spacing of 330 feet;
- Vertical well density of 600 feet;
- No between well spacing requirement between vertical and horizontal wells;
- First and last take points of 200 feet;
- 40-acre drilling unit and proration unit for the Field;
- Reporting format Form P-16 for the Field;
- Oil allowable provision. Valence proposes the following language:

The allowable for the subject field is based on a 100 percent acreage assignment. The actual oil allowable for an individual oil well in the

field shall be determined by multiplying the allowable for a well in the field by a fraction consisting of the numerator which is the acreage assigned to the well for proration purposes and the denominator which is the standard acreage authorized by these field rules for proration purposes.

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

At the hearing, Valence 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. Valence seeks to amend field rules for the Goodson (Travis Peak) Field (No. 35830500), in Smith County, Texas.
3. The Goodson (Travis Peak) Field ("Field") was discovered July 25, 1981. The Field is about 10,583 feet deep.
4. The Field is currently operating with a top allowable of 212 BOPD and 424 MCF/Day of casinghead gas.
5. The August 2018 oil proration schedule identifies four wells in the Field associated with four operators: Berkshire Operating, LLC; Challenger Energy Services Co.; Flint Pipeline Company; and Valence.
6. Since discovery in 1981, cumulative production from the Field through August 2018 is 123 million barrels of oil and 105 thousand cubic feet of casinghead gas.
7. In summary, Valence requests the following amendments to the Field rules:
  - A correlative interval from 10,380 feet to 10,720 feet;
  - Lease line spacing of 330 feet;
  - Vertical well density of 600 feet;
  - No between well spacing requirement between vertical and horizontal wells;
  - First and last take points of 200 feet;
  - A 40-acre drilling unit and proration unit for the Field;
  - Updated reporting format to include Form P-16 for horizontal drilling wells; and

- An oil allowable provision for 100 percent acreage assignment.
8. The amended Field rule changes will be protective of correlative rights, increase recovery of resources and prevent waste.
  9. The Examiners recommend granting the amended Field rule language as presented in the proposed Final Order.
  10. At the hearing, Valence 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 protect correlative rights and prevent waste.
4. Pursuant to § 2001.144 (a)(4)(A) of the Texas Government Code and the agreement of the applicant on the record or in writing, the Final Order can be final and effective when a Master Order relating to the Final Order is 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 Valence Operating Company granting the amended field rules as set out in the proposed Final Order for the Goodson (Travis Peak) Field, in Smith County, Texas.

Respectfully submitted,



Robert Musick  
Technical Hearings Examiner



Jennifer Cook  
Administrative Law Judge