



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL AND GAS DOCKET NO. 02-0311845

APPLICATION OF UNIT PETROLEUM COMPANY (877099) TO AMEND FIELD RULES FOR THE FIFTEEN MILE CREEK (WILCOX) FIELD, GOLIAD COUNTY, TEXAS

HEARD BY: Petar Buva – Technical Examiner
Lynn Latombe – Administrative Law Judge
Ezra A. Johnson – Administrative Law Judge

DATE OF HEARING: August 30, 2018
HEARING REOPENED: July 12, 2019

CONFERENCE DATE: August 20, 2019

APPEARANCES: **REPRESENTING:**

APPLICANT:

Michael E. McElroy (Attorney)
Glen Sliva (Engineer)

Unit Petroleum Company

EXAMINERS' REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Unit Petroleum Company ("Unit") is requesting amendment of field rules for the Fifteen Miles Creek (Wilcox) Field, Goliad County, Texas. The proposed rules for the Fifteen Miles Creek (Wilcox) Field are as follows:

1. Designating correlative interval for the Fifteen Miles Creek Sally Withers Lake (Miocene) Field to be from 10,710 feet to 16,570 feet.
2. Adopt 50-Foot Box Rule.
3. Amend Rule 3 by adding:

Duplicate assignment of acreage to both a horizontal well and a vertical well for drilling and development or for allocation of allowable is permissible as follows:

- (a) The field density rule applies independently to horizontal wells and vertical wells. Acreage assigned to horizontal wells shall not count against acreage assigned to vertical wells, and acreage assigned to vertical wells shall not count to horizontal wells.*
- (b) Acreage assigned to horizontal wells for drilling and development, or for allocation of allowable, shall be acceptable so long as the horizontal well density complies with the density established by these special field rules.*
- (c) Acreage assigned to vertical wells for drilling and development, or for allocation of allowable, shall be acceptable so long as the vertical well density complies with these special field rules.*
- (d) For the purpose of this rule, stacked lateral wells authorized by these special field rules are not considered duplicate assignment of acreage to multiple horizontal wells.*

4. Adopt a Stacked Lateral Rule authorizing stacked lateral wells within a rectangular area, to the width of which is 600 feet.

On April 3, 2019 Unit withdrew amendment requests for Rules 2, 3, and 4. Notice of the application was sent to all operators with wells in the respective field. The application is unopposed, and the Technical Examiner and Administrative Law Judge (collectively, "Examiners") recommend approval of the filed rule amendment as requested by Unit.

DISCUSSION OF THE EVIDENCE

The Fifteen Miles Creek (Wilcox) Field in Goliad County, Texas was discovered on September 19, 1981, at a depth of 15,400 feet. The field is currently governed by the special field rules adopted by the Oil and Gas Docket No. 02-0352720, effective October 9, 2007. The rules designate correlative interval from 13,302 feet to 16,570 feet, 330'/660' lease/well spacing, 40-acre base proration unit with 4-acre tolerance, and optional 20-acre base proration unit.

The August 2018 proration schedule shows a total of eight wells, with five of them having production allowable. In addition to the applicant, there is only one additional operator in the field, and both were notified of the requested rule amendment. Only Unit appeared at the call of the hearing.

The correlative interval is consistently bedded as shown on the type log for Robert F. Goehring, API 42-175-34021. The evidence on the record also shows that the proposed correlative interval from 10,710 feet to 16,570 feet meets the Railroad

Commission of Texas ("Commission") guidelines for tight gas formation, with permeability below 0.1 millidarcies.

FINDINGS OF FACT

1. Notice of this hearing was provided to all operators in the field at least ten (10) days prior to the date of the hearing.
2. The application is unprotested.
3. The Fifteen Miles Creek (Wilcox) Field was discovered on September 19, 1981, at a depth of 15,400 feet.
4. The Fifteen Miles Creek (Wilcox) Field, Goliad County, Texas is currently governed by the special field rules adopted by the Oil and Gas Docket No. 02-0352720, effective October 9, 2007.
5. Unit requested amendment of Rule 1 to designate a correlative interval from 10,710' to 16,570'.
6. Unit requested amendment of Rule 2 to adopt the 50-Foot Box Rule.
7. Unit requested following amendment to Rule 3 as follows:
 - Duplicate assignment of acreage to both a horizontal well and a vertical well for drilling and development or for allocation of allowable is permissible as follows:*
 - (e) The field density rule applies independently to horizontal wells and vertical wells. Acreage assigned to horizontal wells shall not count against acreage assigned to vertical wells, and acreage assigned to vertical wells shall not count to horizontal wells.*
 - (f) Acreage assigned to horizontal wells for drilling and development, or for allocation of allowable, shall be acceptable so long as the horizontal well density complies with the density established by these special field rules.*
 - (g) Acreage assigned to vertical wells for drilling and development, or for allocation of allowable, shall be acceptable so long as the vertical well density complies with these special field rules.*
 - (h) For the purpose of this rule, stacked lateral wells authorized by these special field rules are not considered duplicate assignment of acreage to multiple horizontal wells.*
8. Unit requested amendment of Rule 4 to be Stacked Lateral Rule authorizing stacked lateral wells within a rectangular area, to the width of which is 600 feet.

9. On April 3, 2019, Unit withdrew its application to amend Rules 2, 3, and 4.
10. Mr. Sliva testified that given the estimated low reserves and pressures in the field the increased correlative interval will allow for more efficient hydrocarbon recovery and as such will prevent waste.
11. Unit agreed in writing or on the record that, pursuant to the provisions of Texas Government Code §2001.144(a)(4)(A), this Final Order can be final and effective on the date a Master Order relating to this Final Order is signed.

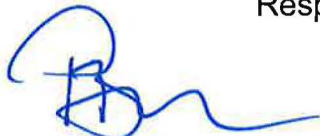
CONCLUSIONS OF LAW

1. Proper notice was issued as required by all applicable statutes and regulatory codes.
2. All things have occurred and been accomplished to give the Commission jurisdiction in this matter.
3. Amending the field rules for the Fifteen Miles Creek (Wilcox) Field, Goliad County, Texas as requested by Unit will prevent waste.
4. Pursuant to §2001.144(a)(4)(A) of the Texas Government Code and by agreement of the parties in writing or on the record, the Final Order can be final and effective when a Master Order relating to this Final Order is signed.

EXAMINERS' RECOMMENDATION

Based on the above findings of fact and conclusions of law, the examiners recommend that the Commission amend the field rules for Fifteen Miles Creek (Wilcox) Field, Goliad County, Texas as proposed by Unit Petroleum Company.

Respectfully submitted,



Petar Buva
Technical Examiner



Ezra A. Johnson
Administrative Law Judge