



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL AND GAS DOCKET NO. 02-0317578

**APPLICATION OF HILCORP ENERGY COMPANY (386310) TO CONSIDER
AMENDING THE FIELD RULES FOR THE WEST RANCH (GRETA) (96545364) FIELD,
JACKSON COUNTY, TEXAS**

HEARD BY: Petar Buva – Technical Examiner
Kristi M. Reeve – Administrative Law Judge

DATE OF HEARING: March 18, 2019

CONFERENCE DATE: September 11, 2019

APPEARANCES: **REPRESENTING:**

APPLICANT:

Bill Hayenga (Attorney)	Hilcorp Energy Company
Justin Smith (Geologist)	
Michael Mayfield (Engineer)	
Blake Hoffman (Landman)	

EXAMINERS' REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Hilcorp Energy Company ("Hilcorp") is requesting amendment to the field rules for the West Ranch (Greta) Field in Jackson County, Texas. The proposed rules for the West Ranch (Greta) Field are as follows:

1. Designating the correlative interval from 5,094' to 5,249'.
2. No well shall be drilled nearer than 330' to any property line, lease line, or subdivision line. No horizontal well will be drilled with first and last take point nearer than 100 feet to any property line or subdivision line. There will be no minimum between well spacing requirement.

3. The standard proration unit for an oil well is 20 acres, with optional 10-acre units.
4. The allocation formula for this field shall be 100% acreage allocation for oil and gas allowables.
5. The oil allowable for this field is a maximum of 50 barrels per day per acre assigned to an oil well.
6. There is no requirement for an operator to file proration plats for this field.
7. A capacity exempt allowable for wells involved in an enhanced recovery operation shall be set at capacity.

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 Hilcorp.

DISCUSSION OF THE EVIDENCE

The West Ranch (Greta) Field was officially discovered on September 1, 1960, at a depth of 5,108 feet but has been produced since the 1940's under other field names. Production peaked at 12,500 barrels of oil per day ("BOPD") in 1967 and proceeded to decrease to about 20 BOPD in 2017. The proposed field rules would lead to additional recovery from the West Ranch (Greta) Field.

The March 1, 2019 oil proration schedule for the West Ranch (Greta) Field shows most of the wells in this field as not producing wells. There are three operators in the field, with Hilcorp operating most of the wells.

Hilcorp seeks to re-develop the West Ranch (Greta) Field that has historically only been produced with vertical wells by using horizontal wells. Hilcorp asserts that the oil in this field will be recovered most efficiently by using horizontal drilling followed by a CO₂ flood in a few years. Hilcorp seeks to amend the field rules to better accommodate the development in the West Ranch (Greta) Field and recover hydrocarbons that would otherwise go unrecovered.

The request for lease line spacing of 330 feet with no minimum between well spacing will provide flexibility in drilling wells, maximizing ultimate recovery from the field and resulting in the recovery of additional oil that may otherwise go unrecovered. The proposed 20-acre standard density is the current rule. The proposed 10-acre option density and 100' dual lease line spacing as proposed by Hilcorp will further accommodate horizontal drilling in the West Ranch (Greta) Field that has hundreds of existing penetrations.

The current allowable formula for the West Ranch (Greta) Field is based on 50% acres and 50% well. Hilcorp is requesting an allocation formula based on 100% acreage and oil allowable of 50 BOPD per acre to prevent overproduction issues. Hilcorp provided initial completion tests for analog wells with many above 1,000 BOPD.

Hilcorp's engineering witness testified that the horizontal wells that Hilcorp plans to drill and the proposed field rules will result in the recovery of additional oil that may otherwise go unrecovered.

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 West Ranch (Greta) Field was officially discovered on September 1, 1960 at a depth of 5,108 feet.
4. The West Ranch (Greta) Field is currently operated under special field rules that allow for 466'/933' spacing, 20-acre density, and an allowable formula of 50% per well and 50% acreage.
5. Hilcorp requests designation of the correlative interval from 5,094' to 5,249'.
6. Hilcorp requests lease line spacing of 330 feet with no minimum between well spacing. Additionally, no horizontal well will be drilled with first and last take points nearer than 100 feet to any property line or subdivision line.
7. Hilcorp requests the standard proration unit for an oil well to be 20 acres, with optional 10-acre units.
8. Hilcorp requests the allocation formula for this field shall be 100% acreage.
9. Hilcorp requests the oil allowable for this field to be a maximum of 50 barrels per day per acre assigned to an oil well.
10. Hilcorp requests filing Form P-16 to designate the number of acres to be assigned to individual wells with a plat of the entire lease, without the requirement to file individual well proration unit.
11. Hilcorp seeks to redevelop the West Ranch (Greta) Field by drilling horizontal wells followed by a CO₂ Flood.

12. Hilcorp 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 West Ranch (Greta) Field as requested by Hilcorp 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 the West Ranch (Greta) Field, in Jackson County, Texas, as proposed by Hilcorp Energy Company.

Respectfully submitted,


Petar Buva
Technical Examiner


Kristi M. Reeve
Administrative Law Judge