



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL AND GAS DOCKET NO. 02-0320641

APPLICATION OF HILCORP ENERGY COMPANY (386310) TO CONSIDER AMENDING THE FIELD RULES FOR THE TOM O'CONNOR (4500 GRETA MASS.) FIELD IN REFUGIO COUNTY, TEXAS

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

HEARING DATE: July 16, 2019

CONFERENCE DATE: September 11, 2019

APPEARANCES:

APPLICANT:

Bill Hayenga, Attorney
Michael Mayfield, Engineer
Blake Hoffman, Landman
Walter Bruce McDonald, Geologist

REPRESENTING:

Hilcorp Energy Company

EXAMINERS' REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Hilcorp Energy Company ("Hilcorp"), Operator No. 386310, seeks an amended field rule for the Tom O'Connor (4500 Greta Mass) Field (Field No. 90534350), Refugio County, Texas. Hilcorp requests a 100-foot first and last take point for horizontal wells and no between well spacing for all wells in the Field. The requested changes will promote recovery of oil and gas through horizontal development.

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 approval as set out in the Final Order.

DISCUSSION OF THE EVIDENCE

Hilcorp sent a letter dated June 3, 2019, requesting a hearing to adopt a change to the existing Field Rule. A Notice of Hearing was issued by the Commission on June 20, 2019, to operators in the Field at least ten days prior to the date of the hearing. A hearing was held on July 16, 2019. No protests were received.

Hilcorp requested to amend the Field Rules to accommodate orderly development and the recovery of hydrocarbons. Hilcorp seeks in their application to adopt a 100-foot first and last take point for horizontal wells and amend the existing 330-foot between well spacing to a no minimum between well spacing requirement for all wells in the Field.

The Field was discovered on August 11, 1959. Production peaked at 4,304 barrels of oil per day ("BOPD") in 1972, with production slowing to 140 BOPD in 2012. Historically only vertical wells have been completed in the Field. The proposed Field Rule will promote oil recovery in the mature Field. The oil proration schedule also indicates that Hilcorp is the only operator in the Field.

The hearing record indicates that nearby fields have been issued final orders with similar rules. The request for no minimum between well spacing will provide flexibility in drilling wells and increase recovery of resources and prevent waste. The Examiners recommend granting the request in the proposed Final Order.

At the hearing, Hilcorp 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. Hilcorp Energy Company ("Hilcorp"), Operator No. 386310, seeks an amended field rule for the Tom O'Connor (4500 Greta Mass) Field (Field No. 90534350), Refugio County, Texas.
2. Hilcorp sent a letter dated June 3, 2019, requesting a hearing to adopt a change to the existing field rule.
3. A Notice of Hearing was issued by the Commission on June 20, 2019, to operators in the Field at least ten days prior to the date of the hearing. No protests were received.
4. A hearing was held on July 16, 2019.
5. Hilcorp requested to amend the Field Rules to accommodate orderly development and the recovery of hydrocarbons. Hilcorp seeks in their application to adopt a 100-foot first and last take point for horizontal wells and amend the existing 330-foot between well spacing to a no minimum between well spacing requirement for all wells in the Field.
6. The hearing record indicates that nearby fields have been issued final orders with similar rules. The request for no minimum between well spacing will provide flexibility in drilling wells and increase recovery of resources and prevent waste.
7. The requested rule changes will be protective of correlative rights, increase recovery of resources and prevent waste.
8. At the hearing Hilcorp agreed, that, pursuant to the provisions of Texas Government Code §2001.144(a)(4)(A), this Final Order shall be effective on the date a Master Order relating to this 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 fact and conclusions of law, the Examiners recommend that the Commission amend the field rules for the Field be amended, as proposed by Hilcorp Energy Company.

Respectfully submitted,



Robert Musick
Technical Hearings Examiner



Kristi M. Reeve
Administrative Law Judge