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RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL AND GAS DOCKET NO. 08-0322146

APPLICATION OF PARSLEY ENERGY OPERATIONS, LLC (642652) TO CONSOLIDATE THE BLALOCK (WOLFCAMP), BLALOCK LAKE, E (WOLFCAMP), BLALOCK LAKE, SE (WOLFCAMP), DAI (WOLFCAMP), DEWEY LAKE, S (WOLFCAMP), IVA LEE (CLEARFORK), LENORAH, WEST, (DEAN), POWELL (8300), POWELL, N (WOLFCAMP), AND WOULD HAVE (CLEARFORK) FIELDS INTO THE SPRABERRY (TREND AREA) FIELD, VARIOUS COUNTIES, TEXAS

HEARD BY: John L. Moore - Technical Hearings Examiner
Kristi M. Reeve - Administrative Law Judge

DATE OF HEARING: October 2, 2019

CONFERENCE DATE: November 19, 2019

APPEARANCES:

APPLICANT:

Bill Hayenga, Attorney
Donna Chandler, Consulting Engineer
Shawna Yezak, Regulatory Manager
Jayne Sloan, Senior Geologist
Tina Christie, Senior Geologist

REPRESENTING:

Parsley Energy Operations, LLC

EXAMINERS' REPORT AND RECOMMENDATION STATEMENT OF THE CASE

Parsley Energy Operations, LLC ("Parsley" or "Applicant") seeks to consolidate the Blalock (Wolfcamp), Blalock Lake, E. (Wolfcamp), Blalock Lake, SE (Wolfcamp), Dai (Wolfcamp), Dewey Lake, S. (Wolfcamp), Iva Lee (Clearfork), Lenorah, West (Dean), Powell (8300), Powell, N. (Wolfcamp), and Would Have (Clearfork) (98899075) Fields into the Spraberry (Trend Area) Field (85280300), Various Counties, Texas. The application is unopposed, and the Technical Examiner and Administrative Law Judge

(collectively, "Examiners") recommend approval of the field consolidation as requested by Parsley.

DISCUSSION OF THE EVIDENCE

Parsley originally requested the consolidation of twelve (12) fields into the Spraberry (Trend Area) Field. Subsequent to Parsley filing the hearing request for consolidation and the hearing date, two of the fields were the subject of field consolidation by the Railroad Commission of Texas ("Commission") action in Oil and Gas Docket No. 08-0318579, namely the Blalock Lake, S. (Wolfcamp) Field and the Dewey Lake (Wolfcamp). As discussed below, these two fields were consolidated into the Spraberry (Trend Area) Field.

Each of the Blalock (Wolfcamp), Blalock Lake, E. (Wolfcamp), Blalock Lake, SE (Wolfcamp), Dai (Wolfcamp), Dewey Lake, S. (Wolfcamp), Iva Lee (Clearfork), Lenorah, West (Dean), Powell (8300), Powell, N. (Wolfcamp) and Would Have (Clearfork) fields (the "Ten Fields") are now geographically surrounded by the Spraberry (Trend Area) Field and produce from either the Wolfcamp, Clearfork, or Dean formations.

The Ten Fields requested by Parsley to be consolidated are governed by a variety of special field rules or by statewide rules. None of field rules in the Ten Fields are more restrictive than the special field rules governing the Spraberry (Trend Area) Field with respect to well spacing and density. The proposed consolidation of the fields will eliminate problems with permitting and completion of wells within the Spraberry (Trend Area) Field geologic correlative interval. Consolidation of the fields will facilitate efficient development of the various reservoirs found within the formations in the Spraberry (Trend Area) Field while protecting correlative rights. As a part of its application, Parsley also requests that the wells currently assigned to the Ten Fields be transferred into the Spraberry (Trend Area) Field.

The Spraberry (Trend Area) Field was discovered on December 22, 1952. Since its discovery, the field has grown geographically and geologically. Geographically, it covers more than eight counties in two of the Commission's districts (7C and 08). Wells in the field now geographically surround the Ten Fields. Geologically, the correlative interval from 6,865 feet to 10,605 feet in the Houpt No. 1 (API No. 42-329-31029), in Midland County, Texas, is the current designated interval for the Spraberry (Trend Area) Field. The designated field interval includes all reservoirs between the top of the Clearfork and the top of the Strawn formations, specifically the Clearfork, Spraberry, Dean and Wolfcamp formations.

The Blalock (Wolfcamp) Field was discovered on December 9, 1983, at a depth of 8,773 feet. It produces from the Wolfcamp formation. There are currently five operators in the field, one of which is the Applicant. There are four (4) oil wells and no gas wells identified on the proration schedule in the field.

The Blalock Lake, E. (Wolfcamp) Field was discovered on October 1, 1971, at a depth of 7,914 feet. It produces from the Wolfcamp formation. There are currently four operators in the field, one of which is the Applicant. There are sixteen (16) oil wells on the proration schedule in the field. There is no associated gas field.

The Blalock Lake, S. (Wolfcamp) Field was discovered on May 1, 1974, at a depth of 8,246 feet. It produces from the Wolfcamp formation. There are four operators in the field, one of which is the Applicant. There are nineteen (19) oil wells and one (1) gas well identified on the proration schedule. This field was consolidated in Oil and Gas Docket No. 08-0318579, effective August 20, 2019. Therefore, this field has already been consolidated by Commission action and the request related to this field is, thereby, moot.

The Blalock Lake, SE. (Wolfcamp) Field was discovered on July 22, 1981, at a depth of 8,245 feet. It produces from the Wolfcamp formation. There are currently three operators in the field, one of which is the Applicant. There are thirty-seven (37) oil wells and one (1) gas well identified on the proration schedule in the field.

The Dai (Wolfcamp) Field was discovered on October 15, 1997, at a depth of 9,868 feet. It produces from the Wolfcamp formation. There are three operations in the field, one of which is the Applicant. There are six (6) oil wells identified on the proration schedule. There is no associated gas field.

The Dewey Lake (Wolfcamp) Field was discovered on April 12, 1982, at a depth of 8,449 feet. It produces from the Wolfcamp formation. There are currently four operators in the field, one of which is the Applicant. There are six (6) oil wells identified on the proration schedule in the field. There is no associated gas field. This field was consolidated in Oil and Gas Docket No. 08-0318579, effective August 20, 2019. Therefore, this field has already been consolidated by Commission action and the request related to this field is, thereby, moot.

The Dewey Lake, S (Wolfcamp) Field was discovered on June 10, 1983, at a depth of 8,468 feet. It produces from the Wolfcamp formation. There are currently two operators in the field, one of which is the Applicant. There are two (2) oil wells and one (1) gas well identified on the proration schedule in the field.

The Iva Lee (Clearfork) Field was discovered on December 2, 1987, at a depth of 5,350 feet. It produces from the Clearfork formation. There are currently three operators in the field, one of which is the Applicant. There are four (4) oil wells and two (2) gas wells identified on the proration schedule in the field.

The Lenorah, West (Dean) Field was discovered on July 19, 1970, at a depth of 9,336 feet. It produces from the Dean formation. There are currently two operators in the field, one of which is the Applicant. There are four (4) oil wells identified on the proration schedule in the field. There is no associated gas field.

The Powell (8300) Field was discovered on August 20, 1982, at a depth of 8,552 feet. It produces from the Wolfcamp formation. There are currently seven operators in the field, one of which is the Applicant. There are five (5) oil wells identified on the proration schedule in the field. There is no associated gas field.

The Powell, N. (Wolfcamp) Field was discovered on March 16, 1984, at a depth of 8,426 feet. It produces from the Wolfcamp formation. Applicant is the only operator in the field. There is one (1) oil well identified on the proration schedule in the field. There is no associated gas field.

The Would Have (Clearfork) Field was discovered on March 1, 2001, at a depth of 5,648 feet. It produces from the Clearfork formation. There are currently three operators in the field, one of which is the Applicant. There are sixty-one (61) oil wells identified on the proration schedule in the field. There is no associated gas field.

FINDINGS OF FACT

1. On September 9, 2019 the Hearings Division of the Commission sent a Joint Notice of Hearing ("Notice") to Applicant and all operators in the ten (10) fields being considered for consolidation and to all operators in the Spraberry (Trend Area) Field setting a hearing date of October 2, 2019. Consequently, the parties received more than 10 days' notice. The Notice contains (1) a statement of the time, place, and nature of the hearing; (2) a statement of the legal authority and jurisdiction under which the hearing is to be held; (3) a reference to the particular sections of the statutes and rules involved; and (4) a short and plain statement of the matters asserted. The hearing was held on October 2, 2019, as noticed. Applicant appeared and participated at the hearing. No one appeared in protest.
2. The correlative interval for the Spraberry (Trend Area) Field is designated from 6,865 feet to 10,605 feet in the Houpt No. 1 (API No. 42-329-31029), in Midland County, Texas. This designated correlative interval includes all reservoirs between the top of the Clearfork and the top of the Strawn formations, specifically the Clearfork, Spraberry, Dean and Wolfcamp formations.
3. The Ten Fields produce from the same geologic formations as those recognized in the designated correlative interval of the Spraberry (Trend Area) Field.
4. The geographic area in which wells have been permitted and completed in the Spraberry (Trend Area) Field has expanded considerably since the field was discovered in 1952. The Ten Fields are now geographically surrounded by wells permitted in the Spraberry (Trend Area) Field.
5. None of field rules in the Ten Fields are more restrictive than the special field rules governing the Spraberry (Trend Area) Field with respect to well spacing and density.

6. Consolidation of the Ten Fields will facilitate efficient development of the various reservoirs found within the formations of the designated correlative interval in the Spraberry (Trend Area) Field while protecting correlative rights.
7. At the hearing, Parsley agreed on the record that the Final Order in this docketed case is to be final and effective when a Master Order relating to this Final Order is signed.

CONCLUSIONS OF LAW

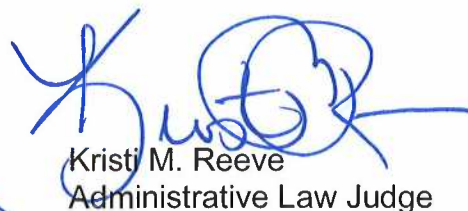
1. Proper notice was issued to persons entitled to notice. See, e.g., Tex. Gov't Code § 2001.051; 16 Tex. Admin. Code §§ 1.42, 1.45.
2. The Commission has jurisdiction in this case. See, e.g., Tex. Nat. Res. Code § 81.051.
3. The requested field consolidation will prevent waste, protect correlative rights, and promote the orderly development of the affected fields.
4. 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.

EXAMINERS' RECOMMENDATION

Based on the above findings of fact and conclusions of law, the Examiners recommend that the Ten Fields be consolidated into the Spraberry (Trend Area) Field, in Various Counties, Texas, and that all wells in the Ten Fields be transferred into the Spraberry (Trend Area) Field, as requested by Parsley.

Respectfully submitted,


John L. Moore
Technical Hearings Examiner


Kristi M. Reeve
Administrative Law Judge