



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL AND GAS DOCKET NO. 8A-0282891

THE APPLICATION OF NOBLE ENERGY, INC. TO CONSIDER A NEW FIELD DESIGNATION AND TO ADOPT FIELD RULES FOR THE PROPOSED COMANCHE PLAINS (WOLFCAMP) FIELD, GAINES COUNTY, TEXAS

HEARD BY: Paul Dubois - Technical Examiner
Marshall Enquist - Legal Examiner

HEARING DATE: July 17, 2013

APPEARANCES: REPRESENTING:

APPLICANT:

James N. Bostic	Noble Energy, Inc.
Thomas Richter, P.E.	
David C. Triana, P.E.	
Charles Prichard	

EXAMINERS' REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Noble Energy, Inc. (Noble) requests that a new field designation called the Comanche Plains (Wolfcamp) Field (ID No. 19888 750) be approved for its Hinkle Lease, Well No. 1. Noble proposes that the following Field Rules be adopted for the new field:

1. The entire combined correlative interval from 9,754 feet to 10,986 feet as shown on the Baker Hughes, High Definition Induction, Gamma Ray log of the Noble Energy, Inc., Hinkle Well No. 1 (API No. 165-37583) Section 164, Block G, WT RR Co./W.R. Norfleet Survey, A-792, Gaines County, be designated as the Comanche Plains (Wolfcamp) Field for proration purposes.
2. Allocation formula based on 95% acres and 5% per well.

Notice of this application and hearing was provided to all persons entitled to notice at least ten (10) days prior to the date of the hearing. The notice was published in the

Seminole Sentinel, a newspaper of general circulation in Gaines County, on eight (8) occasions between June 12 and July 7, 2013. The application was not protested and the examiners recommend approval of the new field designation and field rules for the Comanche Plains (Wolfcamp) Field, as proposed by Noble.

DISCUSSION OF THE EVIDENCE

The Hinkle Lease, Well No. 1 (API No. 165-37583) is located 1.9 miles northeast of the town of Seminole, Gaines County. The well was initially drilled as a vertical well in May 2012 to a total depth of 11,040 feet, penetrating through the base of the Wolfcamp formation. The proposed correlative interval for the field corresponds to the upper and lower contacts of the Wolfcamp formation. The well was plugged back to 5,690 ft and recompleted as a horizontal well (Well No. 1H) in January 2013. The well is completed with 2,105 ft of 13 3/8-inch surface casing and 6,020 ft of 9 5/8-inch intermediate casing, both of which are cemented to the surface. The 5 1/2 -inch production casing runs to 15,090 feet and is cemented to 1,520 feet. The well is perforated in the horizontal lateral from 10,179 to 14,970 feet measured depth (MD), which corresponds to a total vertical depth (TVD) of 9,960 to 10,100 feet, within the Wolfcamp.

The well was fracture stimulated on January 19, 2013. On March 10, 2013 the initial potential test produced 143 BO, 30 MCFG and 623 BW while pumping on an open choke with a casing pressure of 42 psig. The gas to oil ratio was reported to be 209 SCF/Bbl and the oil gravity was 33.0°.

Noble conducted a 2 1/2-mile area of review analysis of wells and fields in the vicinity of the Hinkle 1H well. Looking at this area on Noble's Exhibit 6, the initial impressions are that (1) there is oil development throughout Gaines County, but (2) the location of the Hinkle 1H appears to be in an area between developed fields. Two significantly developed fields are within the 2 1/2-mile area of review, the Seminole (San Andres) and the Seminole, East (San Andres). The eastern edge of the Seminole (San Andres) Field is about 1 to 2 miles to the west, and the western edge of the smaller Seminole, East (San Andres) Field is about one mile to the east of the Hinkle 1H. Both of these fields, in addition to several smaller fields in the area, produce from the San Andres formation at a depth of about 5,000 to 5,500 feet, above the top of the Wolfcamp formation.

Within the 2 1/2-mile area of review, there are 11 wells that penetrate the Wolfcamp formation. None of these wells produce from the Wolfcamp. Two of the wells penetrate the Wolfcamp but produce from the San Andres. One of the wells produces from the Strawn formation, and two produce from the Devonian, both of which are below the Wolfcamp. Six of the wells are plugged; five of them were dry holes and one was a saltwater disposal well. The injection interval for this well was associated with the Seminole (Devonian) Field, but the perforated interval spanned the Wolfcamp.

Noble's review of Commission records found no evidence of production from the Wolfcamp with the 2 1/2-mile area of review. The nearest production from the Wolfcamp is the Bro (Wolfcamp) Field, which is located about six miles south-southeast of the Hinkle 1H.

Reservoir parameters provided by Noble include: (1) average porosity is 6%, (2) water saturation is 40%, (3) gross field thickness is 1,200 feet, (4) net pay thickness is 50 feet, (5) average gravity is 33.0°, (6) reservoir temperature is 165°, and (7) bottom hole pressure is 5,500 psi.

At the time of the hearing, the requested field name 'Comanche Plains (Wolfcamp)' was not assigned. Noble requests that the field remain on Statewide Rules for spacing and density. Noble also requests that any over-production be cancelled.

FINDINGS OF FACT

1. Notice of this application and hearing was provided to all persons entitled to notice at least ten (10) days prior to the date of the hearing.
2. The notice was published in the Seminole Sentinel, a newspaper of general circulation in Gaines County, on eight occasions between June 12 and July 7, 2013.
3. Noble completed its Hinkle 1H well in January 2013. On initial test, the well produced (pumping) at a rate of 143 BOPD, 30 MCFGPD and 623 BWPD.
4. There is significant development and production in the area from the San Andres formation, which is above the Wolfcamp formation.
5. There is no production from the Wolfcamp formation within a 2.5 mile radius of the discovery well; the nearest Wolfcamp production is 6 miles to the south-southeast.
6. The Comanche Plains (Wolfcamp) Field should be defined as the correlative interval from 9,754 feet to 10,986 feet as shown on the Baker Hughes, High Definition Induction, Gamma Ray log of the Noble Energy, Inc., Hinkle Well No. 1 (API No. 165-37583) Section 164, Block G, WT RR Co./W.R. Norfleet Survey, A-792, Gaines County, Texas.
7. Allocation based on 95% acres and 5% per well is a reasonable formula which will satisfy state statutes and protect correlative rights of mineral owners in the field.

CONCLUSIONS OF LAW

1. Proper notice of this hearing was issued.
2. All things have been accomplished or have occurred to give the Commission jurisdiction in this matter.
3. Approval of the requested new field designation and adoption of Field Rules for the Comanche Plains (Wolfcamp) Field will prevent waste, protect correlative rights and promote the orderly development of the field.

RECOMMENDATION

Based on the above findings of fact and conclusions of law, the examiners recommend that the Commission approve the new field designation and adopt Field Rules for the proposed Comanche Plains (Wolfcamp) Field, as requested by Noble.

Respectfully submitted,


Paul Dubois
Technical Examiner


Marshall Enquist
Legal Examiner