



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL & GAS DOCKET NO. 08-0287086

THE APPLICATION OF CONOCOPHILLIPS COMPANY TO CONSOLIDATE THE EMBAR (ELLENBURGER) FIELD INTO THE EMBAR (PERMIAN) FIELD, AND TO AMEND THE FIELD RULES FOR THE EMBAR (PERMIAN) FIELD, ANDREWS, ECTOR AND REAGAN COUNTIES, TEXAS

Heard by: Paul Dubois – Technical Examiner
Michael Crnich – Hearings Examiner

Heard on: March 7, 2014

Appearances:

Jamie Nielson
Greg Cloud

Representing:

ConocoPhillips Company

EXAMINERS' REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

ConocoPhillips Company requests that the Embar (Ellenburger) Field be consolidated into the Embar (Permian) Field and that field rules for the Embar (Permian) Field be amended as follows to accommodate horizontal drilling:

1. Designation of the field as the correlative interval from 5,434 feet to 8,450 feet as shown on the log of the University Andrews Well No. 121;
2. Eliminate between well spacing and adopt horizontal rules for take points, no perforation zones, box rule and off-lease penetration points;
3. Optional 10 acre units;

4. No change in allocation; and
5. Provide for stacked lateral wells.

This application was not protested and the examiners recommend approval of the requested field consolidation and field rules.

DISCUSSION OF THE EVIDENCE

ConocoPhillips proposes to consolidate the Embar (Ellenburger) Field into the Embar (Permian) Field in Andrews, Ector and Reagan Counties, Texas (currently there are no wells completed in these fields in Reagan County.) In 2008 the Embar (5600) Field was consolidated into the Embar (Permian) Field, at which time the current field rules were established (Docket no. 08-0257100, effective July 15, 2008). Currently the field correlative interval includes the Upper Clear Fork, Lower Clear Fork, and Wichita-Albany Formations. Conoco Phillips proposes to add the Ellenburger Formation, as well as the Wolfcamp Formation, which is stratigraphically between the Wichita-Albany and the Ellenburger. The Wolfcamp Formation has not been shown to be commercially productive in this area. In addition, the base of the correlative interval will include 50 feet of a fractured granite formation, which contains localized hydrocarbon accumulations. ConocoPhillips proposes to designate the Embar (Permian) Field as the correlative interval from 5,434 feet to 8,450 feet as shown on the log of the University Andrews Well No. 121.

Current proration schedules carry 162 oil wells and 2 gas wells in the Embar (Permian) field. Of these, about 87 of the oil wells and both gas wells are operated by ConocoPhillips and are on the University Andrews Lease. There are about 15 other operators. The field was discovered in 1942 and current field rules provide for 40 acre units with 330-ft lease line and 660-ft between well spacing. Since about 1960 the Embar (Permian) Field wells in ConocoPhillips' University Andrews Lease have produced about 6 MMBO and 63 BCFG. The lease currently produces about 40,000 BOPM and 350 MMCFGPM.

The Embar (Ellenburger) Field currently has 10 oil wells, all of which are operated by ConocoPhillips. This field was also discovered in 1942. Current field rules provide for 80 acre units and 660-ft lease line and 1,320-ft between wells pacing. Historic cumulative production from this field is about 10 MMBO and 3 BCFG. The lease currently produces about 20,000 BOPM and 100 MMCFGPM.

Production from both fields has recently increased due to aggressive infill drilling by ConocoPhillips. Infill drilling with new fracture stimulation techniques has revitalized the field. In addition, ConocoPhillips plans to target the Wichita-Albany Formation with horizontal wells and, possibly, stacked lateral wells. Adoption of the proposed field rules will facilitate this development.

Currently about nine wells produce from both the Embar (Permian) and Embar (Ellenburger) Fields under exceptions to Statewide Rule 10, four more have been completed as commingled wells but are not yet on schedule. ConocoPhillips plans to drill many more. Because of the difference in spacing requirements in the two fields, many of the wells commingled in the Ellenburger Formation require exceptions to Statewide Rule 37 between well spacing. Consolidating the two fields with the field rules for the Embar (Permian) surviving with the proposed amendments will eliminate the need for Rule 37 exceptions.

ConocoPhillips also requests that the existing 'Exempt' status for the Embar (Permian) Field be continued. The Exempt status was granted in 2006 (Docket No. 08-0245258) after a hearing in which ConocoPhillips established that the well's production was not rate sensitive.

FINDINGS OF FACT

1. Notice of this hearing was given to all persons entitled to notice and there were no protests.
2. The Embar (Permian) Field was discovered in 1942.
 - a. There are currently about 164 wells in the field, of which ConocoPhillips operates about 89 wells on the University Andrews Lease.
 - b. The field rules currently provide for 40 acre units, 330-ft lease line and 660-ft between well spacing.
3. The Embar (Ellenburger) Field was discovered in 1942.
 - a. There are currently 10 wells in the field, all operated by ConocoPhillips.

- b. The field rules currently provide for 80 acre units, 660-ft lease line and 1,320-ft between well spacing.
4. Production from both fields is often commingled in one wellbore.
5. Adoption of the proposed field rules will eliminate the need for Rule 37 exceptions when production is commingled.
6. Adoption of the proposed field rules will facilitate the development of the field with horizontal wells.

CONCLUSIONS OF LAW

1. Proper notice of this hearing was given to all persons legally entitled to notice.
2. All things have occurred or been accomplished to give the Railroad Commission jurisdiction in this matter.
3. Consolidation of the Embar (Ellenburger) Field into the Embar (Permian) Field and amending the field rules as proposed by ConocoPhillips Company will prevent waste and protect correlative rights.

EXAMINERS' RECOMMENDATION

Based on the above findings and conclusions, the examiner recommends that the Embar (Ellenburger) Field be consolidated into the Embar (Permian) Field and that field rules be adopted for the Embar (Permian) Field.

Respectfully submitted,



Paul Dubois
Technical Examiner



Michael Crnich
Hearings Examiner