



# RAILROAD COMMISSION OF TEXAS

## HEARINGS DIVISION

OIL AND GAS DOCKET NO. 02-0282216

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THE APPLICATION OF SABINE OIL & GAS LLC TO AMEND TEMPORARY FIELD RULES FOR THE SUGARKANE (EAGLE FORD) FIELD, BEE, DE WITT, KARNES AND LIVE OAK COUNTIES, TEXAS

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HEARD BY: Richard D. Atkins, P.E. - Technical Examiner  
Marshall F. Enquist - Legal Examiner

HEARING DATE: June 14, 2013

APPEARANCES: REPRESENTING:

**APPLICANT:**

D. Davin McGinnis  
Flip Whitworth  
Dale E. Miller

Sabine Oil & Gas LLC

**INTERVENORS:**

Jamie Nielson  
Greg Cloud

Burlington Resources O & G Co LP

Sandra Bolz Buch  
Meri Lynn Gobran

Pioneer Natural Resources USA, Inc.

**EXAMINERS' REPORT AND RECOMMENDATION**

**STATEMENT OF THE CASE**

Temporary Field Rules for the Sugarkane (Eagle Ford) Field were adopted in Final Order No. 02-0264837, effective June 22, 2010. The Temporary Field Rules are summarized as follows:

1. Designated correlative interval from 11,450 feet to 11,662 feet as shown on the log of the Burlington Resources O & G Co LP - Kunde Lease, Well No. 1 (API No. 42-297-34621);

2. 330' lease line spacing and no minimum between well spacing with special provisions for "take points", a 33' "box" rule and an "off-lease" penetration point for horizontal drainhole wells;
3. 320 acre gas proration units with a formula for the assignment of additional acreage to horizontal drainhole wells;
4. Allocation based on 100% acreage with AOF status;
5. Special provisions for stacked lateral wells;
6. Elimination of semi-annual G-10 testing requirements.

Sabine Oil & Gas LLC ("Sabine") proposes amending Temporary Field Rule No. 3 to provide for a Statewide Rule 38 density exception on tracts of 40 acres or larger after notice.

The application is unopposed and the examiners recommend that Temporary Field Rule No. 3 be amended for the Sugarkane (Eagle Ford) Field, as proposed by Sabine.

#### **DISCUSSION OF THE EVIDENCE**

The Sugarkane (Eagle Ford) Field was created in December 2009 when the Eagle Ford formation was removed from the Sugarkane (Cretaceous) Field interval. The field occurs at an average depth of 11,400 feet and is classified as non-associated-100% AOF. There are 174 producing gas wells and 11 operators carried on the gas proration schedule. Field Rules currently provide for 330'-0' well spacing and 320 acre density. Cumulative production from the field through February 2013 is 142.5 BCFG and 17.5 MMBO.

Sabine believes that some areas of the subject field must be developed to a density greater than 320 acres per well. To date, there has been 791 drilling permits issued with 126 drilling permits issued as Statewide Rule 38 exceptions. However, Sabine acknowledges that there are areas of the field which do not need to be developed as densely. It is therefore requested that the 320 acre density rule remain in effect, but that special provisions be adopted for the field which will allow the administrative approval of Rule 38 exceptions on tracts of 40 acres or larger after notice to all operators and unleased mineral owners of tracts within 1,500 feet of a vertical well or any take point on a horizontal drainhole well within the correlative interval. In no written protest is received after 21 days of Commission issued notice of an application, or if waivers are received, the application will be approved administratively without the filing of evidence to support the exception. If a written protest is received, the application will be set for hearing. This same procedure has been in place in the Spraberry (Trend Area), Hemphill (Granite Wash) and Mendota (Granite Wash) Fields for many years.

Sabine also requests that the allocation formula remain suspended, as there is a 100% market demand for all of the gas produced from the field.

**FINDINGS OF FACT**

1. Notice of this hearing was provided to all persons entitled to notice at least ten (10) days prior to the date of the hearing and no protests were received.
2. The Sugarkane (Eagle Ford) Field was created in December 2009 when the Eagle Ford formation was removed from the Sugarkane (Cretaceous) Field interval.
  - a. The field occurs at an average depth of 11,400 feet and is classified as non-associated-100% AOF.
  - b. There are 174 producing gas wells and 11 operators carried on the gas proration schedule.
  - c. Field Rules currently provide for 330'-0' well spacing and 320 acre density.
3. Some areas of the Sugarkane (Eagle Ford) Field must be developed to a density greater than 320 acres per well to maximize reserves.
  - a. To date, there has been 791 drilling permits issued with 126 drilling permits issued as Statewide Rule 38 exceptions.
  - b. Special provisions which will allow the administrative approval of Rule 38 exceptions on tracts of 40 acres or larger after notice to all operators and unleased mineral owners of tracts within 1,500 feet of a vertical well or any take point on a horizontal drainhole well within the correlative interval are appropriate for the field.
  - c. This same procedure has been in place in the Spraberry (Trend Area), Hemphill (Granite Wash) and Mendota (Granite Wash) Fields for many years.
  - d. The proposed notice provision for administrative approval of Rule 38 exceptions for this field will allow development of areas which require denser development.

4. Suspension of the allocation formula is appropriate, as there is a 100% market demand for all of the gas produced from 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. Amending Temporary Field Rules for the Sugarkane (Eagle Ford) Field is necessary to 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 amend the Temporary Field Rules for the Sugarkane (Eagle Ford) Field, as requested by Sabine Oil & Gas LLC.

Respectfully submitted,



Richard D. Atkins, P.E.  
Technical Examiner



Marshall F. Enquist  
Legal Examiner