



# RAILROAD COMMISSION OF TEXAS

## HEARINGS DIVISION

**OIL AND GAS DOCKET NO. 02-0285733**

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**APPLICATION OF WELDER EXPLORATION & PROD., INC., TO ADOPT FIELD RULES FOR THE YOUNGEEEN (HOCKLEY 4500) FIELD, BEE COUNTY, TEXAS**

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**HEARD BY:** Paul Dubois - Technical Examiner  
Michael Crnich - Legal Examiner

**DATE OF HEARING:** December 16, 2013

**APPEARANCES:**

Keith B. Masters, P.E.

**REPRESENTING:**

Welder Exploration & Prod., Inc.

### EXAMINER'S REPORT AND RECOMMENDATION

#### STATEMENT OF THE CASE

Welder Exploration & Prod., Inc. (Welder) requests that field rules be adopted for the Yougeen (Hockley 4500) Field in Bee County, Texas. Welder is the only operator in the field. The application is not protested. The examiners recommend adoption of the field rules as proposed by Welder.

#### DISCUSSION OF THE EVIDENCE

The Yougeen (Hockley 4500) Field was discovered in 1975 at a depth of about 4,500 feet. The field is under Statewide Rules. Field development was limited to one or two active producing wells at a time until 2008. There are currently seven (7) wells carried on the oil proration schedule and 12 wells carried on the gas proration schedule. The field has produced at least 138,263 BO and 4.4 BCFG since 1975. Welder's representative indicated that these cumulative amounts are likely low due to a reporting issue with the Edler, J. B. Well No. 24, which was one of the more productive wells in the field.

The Yougeen field area is extensively developed with wells completed in the Frio, Vicksburg and Yegua Formations, among others. There are 12 Hockley Sand fields in the area, including the subject Yougeen (Hockley 4500) Field. Nine (9) of these Hockley fields have special field rules for oil, gas, or both oil and gas. These nine (9) fields have varying spacing and density rules. For example, seven of the fields have oil well densities of 10

to 40 acres with five of the wells providing for 20-acre density. Six (6) of the fields have gas well densities from 10 to 320 acres. Oil and gas well spacing requirements are similarly variable.

For the subject application, Welder proposes a correlative interval from 4,300 to 4,800 feet based on the array induction, compensated neutron litho-density log run in Welder's J. B. Elder Lease, Well No. 37 (API No. 025-33503). This interval includes the hydrocarbon-bearing Hockley sands in the area. In this well, three discrete productive zones are identified, however the actual occurrence of productive sands will likely vary from well to well.

To establish spacing and density requirements for wells in the field, Welder evaluated the production history and reservoir information from four of its wells in the field. Based on its analysis, Welder estimates that the wells have a range of ultimate gas recovery from 398,420 MCFG draining from a 40.2 acre area to 50,090 MCFG for a well draining 3.3 acres. Welder therefore proposes a 40-acre standard density for gas and oil wells, with optional 20-acre density. The 20-acre unit size is consistent with most of the other Hockley oil fields. Welder proposes the standard maximum diagonal limits of 2,100 feet for 40 acre units and 1,500 feet for 20 acre units.

For well spacing, Welder proposes 330 feet lease-line spacing, which is consistent with other fields. For between well spacing, Welder requests no minimum spacing requirement. This will provide Welder with additional flexibility to develop multiple producing intervals above and/or below the Hockley by accommodating the spacing and density requirements of those fields.

Finally, Welder requests the 1965 yardstick allowable be used for oil wells, and for gas wells an allocation formula based on 50% acreage and 50% deliverability. Welder believes these field rules will allow it to efficiently develop the Yougeen (Hockley 4500) Field, preventing waste and protecting its correlative rights.

#### **FINDINGS OF FACT**

1. Notice of this hearing was sent to all operators in the subject field at least ten (10) days prior to the hearing.
2. The hearing was not protested.
3. The Yougeen (Hockley 4500) Field was discovered in 1975 at a depth of about 4,500 feet.
4. The field is under Statewide Rules.

5. Field development was limited to one or two active producing wells at a time until 2008; there are currently seven (7) wells carried on the oil proration schedule and 12 wells carried on the gas proration schedule.
6. The field has produced at least 138,263 BO and 4.4 BCFG since 1975.
7. A correlative interval from 4,300 to 4,800 feet based on the array induction, compensated neutron litho-density log run in Welder's J. B. Elder Lease, Well No. 37 (API No. 025-33503) will encompass the productive Hockley sands within the field area.
8. Welder has established 40 acres to be an appropriate size for standard proration units based on drainage area calculations.
9. Welder has established 20 acres to be an appropriate size for optional proration units based on field rules for other Hockley fields in the area.
10. 330-foot lease line spacing and no between well spacing limitation will enable Welder to efficiently site wells to produce from multiple productive zones and fields.
11. The proposed field rules will reduce waste and protect correlative rights.

**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. The proposed field rules will prevent waste, protect correlative rights, and satisfy statutory requirements.

**EXAMINERS' RECOMMENDATION**

Based on the above findings and conclusions of law, the examiners recommend adoption of the proposed field rules for the Yougeen (Hockley 4500) Field.

Respectfully submitted,



Paul Dubois  
Technical Examiner



Michael Crnich  
Hearings Examiner