



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL AND GAS DOCKET NO. 7B-0280427

THE APPLICATION OF L.C.S. PRODUCTION COMPANY TO RENUMBER AND AMEND
FIELD RULES FOR THE WHITE FLAT FIELD, NOLAN COUNTY, TEXAS

HEARD BY: Brian Fancher - Technical Examiner
Marshall F. Enquist - Legal Examiner

EXAMINERS' REPORT PREPARED BY: Richard D. Atkins, P.E. - Technical Examiner

HEARING DATE: February 27, 2013

APPEARANCES:

REPRESENTING:

APPLICANT:

Dale E. Miller

L.C.S. Production Company

OBSERVER:

Lloyd Muennink

Cedar Oil Company

EXAMINERS' REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Field Rules for the White Flat Field were adopted in Final Order No. 7-26,127, effective May 4, 1953. The Field Rules are summarized as follows:

1. 467'-1,100' well spacing;
2. 40 acre oil units;
3. Allocation based on 50% acres and 50% per well;
4. Casing provisions;
5. Permitted gas-oil ratio of 2,000 cubic feet per barrel;



6. Semi-annual bottomhole pressure provisions.

L.C.S. Production Company ("L.C.S.") requests that the Field Rules be renumbered and amended, as shown below:

1. Designated correlative interval from 5,560 feet to 5,839 feet as shown on the log of the L.C.S. Production Company - E. G. Whitaker Lease, Well No. 4 (API No. 42-353-00409);
2. 150'-0' well spacing;
3. 40 acre units with optional 10 acre density;
4. Salvage classification with no allowable restrictions.

L.C.S. also requests that proration unit plats not be required for individual wells, but that Form P-15 be filed to designate the number of acres to be assigned to each well with no maximum diagonal limitation.

The application is unopposed and the examiners recommend that the Field Rules for the White Flat Field be renumbered and amended, as proposed by L.C.S.

DISCUSSION OF EVIDENCE

The White Flat Field was discovered in May 1953 at an average depth of 5,500 feet. The field is classified as associated-49B and there are 14 producing oil wells, one producing gas well and six operators carried on the proration schedules. Field Rules currently provide for 467'-1,100' well spacing and 40 acre units. Cumulative production from the field through November 2012 is 14.8 MMBO and 12.9 BCFG.

There is currently no defined correlative interval for the field. L.C.S. requests that the field be defined as the correlative interval from 5,560 feet to 5,839 feet as shown on the log of the L.C.S. Production Company - E. G. Whitaker Lease, Well No. 4 (API No. 42-353-00409), Section 35, Block 20, T&P RR Co. Survey, A-322, Nolan County, Texas. The correlative interval includes the entire Caddo, Ellenburger and Cambrian Conglomerate formations. From log analysis, L.C.S. estimated an average porosity of 12%, an average saltwater saturation of 31%, an average net pay thickness of 50 feet and a recovery factor of 48%. The primary drive mechanism is a strong water drive.

L.C.S. is re-developing the White Flat Field by drilling infill wells and requests Field Rules that will promote the efficient and effective development of the remaining hydrocarbons. L.C.S. provided drainage area calculations for all of the 87 wells that produced from the field. The drainage areas range from less than one acre up to a

maximum of 55 acres. The average drainage area was calculated to be approximately 18 acres and 35 of the wells had drainage areas of less than 10 acres. Based on the drainage area calculations, L.C.S. proposes 150'-0' well spacing and 40 acre units with optional 10 acre density. L.C.S. argues that the proposed 0' between well spacing is necessary to allow the drilling of infill wells, which may have to be placed very near existing wells in some cases.

Given the depleted status of the reservoir, there is no reason to limit production from the field. L.C.S. requests a salvage classification with no allowable restrictions and that proration unit plats not be required for individual wells, but that Form P-15 be filed to designate the number of acres to be assigned to each well with no maximum diagonal limitation.

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 White Flat Field was discovered in May 1953 at an average depth of 5,500 feet.
 - a. The field is classified as associated-49B and there are 14 producing oil wells, one producing gas well and six operators carried on the proration schedules.
 - b. Field Rules currently provide for 467'-1,100' well spacing and 40 acre units.
3. The White Flat Field should be defined as the correlative interval from 5,560 feet to 5,839 feet as shown on the log of the L.C.S. Production Company - E. G. Whitaker Lease, Well No. 4 (API No. 42-353-00409), Section 35, Block 20, T&P RR Co. Survey, A-322, Nolan County, Texas. The correlative interval includes the entire Caddo, Ellenburger and Cambrian Conglomerate formations.
4. Field Rules for the White Flat Field that provide for 150'-0' well spacing and 40 acre units with optional 10 acre density are appropriate for the field.
 - a. L.C.S. Production Company ("L.C.S.") is re-developing the White Flat Field by drilling infill wells and requests Field Rules that will promote the efficient and effective development of the remaining hydrocarbons.
 - b. Drainage areas for all of the 87 wells that produced from the field range from less than one acre up to a maximum of 55 acres.

- c. The average drainage area was calculated to be approximately 18 acres and 35 of the wells had drainage areas of less than 10 acres.
 - d. The proposed 0' between well spacing is necessary to allow the drilling of infill wells, which may have to be placed very near existing wells in some cases.
- 5. Given the depleted status of the reservoir, there is no reason to limit production from this field. A salvage classification with no allowable restrictions is appropriate for the White Flat Field.
 - 6. The filing of Form P-15 to designate the number of acres to be assigned to each well for proration purposes with no proration unit plats will eliminate unnecessary paperwork.

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. Renumbering and amending the Field Rules for the White Flat Field is necessary to prevent waste, protect correlative rights and promote development of the field.

RECOMMENDATION

Based on the above findings of fact and conclusions of law, the examiners recommend that the Commission renumber and amend the Field Rules for the White Flat Field, as requested by L.C.S. Production Company.

Respectfully submitted,



Richard D. Atkins, P.E.
Technical Examiner



Marshall F. Enquist
Legal Examiner