



# RAILROAD COMMISSION OF TEXAS

## OFFICE OF GENERAL COUNSEL

**OIL AND GAS DOCKET NO. 7C-0277209**

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**THE APPLICATION OF MEXTEX OPERATING COMPANY TO AMEND FIELD RULES  
IN THE FORT TERRETT RANCH (CANYON 2800) FIELD, SUTTON COUNTY, TEXAS**

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**HEARD BY:** Brian Fancher, P.G. - Technical Examiner  
Marshall F. Enquist - Legal Examiner

**DATE OF HEARING:** July 25, 2012

**APPEARANCES:**

Lloyd Muennick  
Roland Baker

**REPRESENTING:**

Mextex Operating Company

### EXAMINERS' REPORT AND RECOMMENDATION

#### STATEMENT OF THE CASE

Field Rules for the Fort Terrett (Canyon 2800) Field were adopted in Final Order No. 7C-58,175, effective March 07, 1968, as amended. The current rules in effect for the field are summarized as follows:

1. Designation of the field as the correlative interval from 2,365 feet to 2,704 feet, as shown on the Dual Induction Compensated Density-Neutron log of the FTR Unit No. 212B, API No. 42-435-39362, GWT & P RR CO Survey, Sec 81 BLK A, ABS 260, Sutton County, Texas;
2. 330' property, subdivision, or lease line spacing and 660' between well spacing;
3. 40-acre oil proration density with 40-acre tolerance and 20-acre optional units;
4. Maximum daily oil allowable based on the Most Efficient Rate ("MER") allowable of 135 barrels of oil per day.

Mextex Operating Company ("Mextex") requests that the Field Rules be amended to provide for a no minimum between well spacing requirement.

This application was unopposed and the examiners recommend that the field rules be amended, as proposed by Mextex.

### **DISCUSSION OF EVIDENCE**

The Fort Terrett Ranch (Canyon 2800) Field is an associated field that was discovered in June 1966 at an average depth of approximately 2815 feet. Cumulative production from the field is estimated at 3,515,440 barrels of oil and 1.21 billion cubic feet of gas. The current oil and gas proration schedules for the field indicate twenty-three oil wells and no gas wells are on schedule. Mextex is the only operator in the subject field.

The field is currently in the late stages of vertical depletion. Consequently, Mextex testified it seeks to adopt a no between well spacing requirement for the field rules governing the subject field. Mextex submitted a copy of the current field rules for the Fort Terrett Ranch (Canyon 2800) Field that indicate oil wells must adhere to 330'-660' well spacing, 40-acre proration units or 20-acre optional units, and an MER allowable. Although there are currently none, gas wells in the field must adhere to the same spacing and density as oil wells, with the exception of optional 20-acre proration units. Mextex testified it is in the process of drilling additional infill wells in the field and anticipates the drilling of horizontal wells in the future, thus the basis for its request in the subject hearing. The proposed 330' lease line spacing with no minimum spacing between wells will provide operators in the field the additional flexibility needed to drill wells at optimum locations without requiring Rule 37 exceptions.

### **FINDINGS OF FACT**

1. Notice of this hearing was given to all persons entitled to notice and no protests were received.
2. The Fort Terrett Ranch (Canyon 2800) Field is an associated field that was discovered in June 1966 at an average depth of approximately 2815 feet.
3. There are 23 oil wells carried on the current oil proration schedule.
4. Mextex Operating Company requests the current field rules governing the Fort Terrett Ranch (Canyon 2800) Field be amended to provide for a no between well spacing requirement.
5. The proposed 330' lease line spacing with no minimum spacing between wells will provide operators in the field the additional flexibility needed to drill wells at optimum locations without requiring Rule 37 Exceptions.

**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 Field Rule No. 2 the Fort Terrett Ranch (Canyon 2800) Field as proposed by Mextex Operating Company is necessary to prevent waste, protect correlative rights and promote development of the field.

**EXAMINERS' RECOMMENDATION**

Based on the above findings of fact and conclusions of law, the examiners recommend that Field Rule No. 2 for the Fort Terrett Ranch (Canyon 2800) Field be amended, as proposed by Mextex Operating Company.

Respectfully submitted,

  
Brian Fancher, P.G.  
Technical Examiner

  
Marshall Enquist  
Legal Examiner