



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL AND GAS DOCKET NO. 08-0282661

THE APPLICATION OF COG OPERATING LLC TO AMEND FIELD RULES FOR THE PARKS (CONSOLIDATED) FIELD, MIDLAND COUNTY, TEXAS

Heard by: Paul Dubois - Technical Examiner
Marshall Enquist - Legal Examiner

DATE OF HEARING: July 16, 2013

Appearances:

Greg Cloud
Jordan Cox

Representing:

COG Operating LLC

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

COG Operating LLC (COG) requests that the field rules for the Parks (Consolidated) Field be amended. The current field rules are summarized below:

1. Designated interval from 6,190 feet to 11,700 feet as shown on the log of the Parks Field Unit 2 Well No. 2208;
2. Well spacing a minimum of 467 feet from lease lines and 933 feet between wells;
3. 160/optional 40 acre density, with proration unit plats and diagonal restrictions;
4. Allocation based 75% acreage and 25% per well for oil and gas wells; and
5. Associated-prorated designation with AOF status for gas field.

COG requests that the field rules for the Parks (Consolidated) Field be amended as indicated below:

1. No Change;
2. Well spacing a minimum of 330 feet from lease lines and zero (0) feet between wells;
3. 160/optional 20 acre density, and to remove the requirements to submit proration plats with diagonal restrictions;
4. No Change; and
5. No Change.

This application was not protested and the examiners recommend approval of the field rules as requested by COG.

DISCUSSION OF THE EVIDENCE

The Parks (Consolidated) Field was created on March 11, 2009 by the consolidation of the Parks (Spraberry), Parks (Pennsylvanian) and Bryant -G- (Strawn) Fields (Docket No. 08-0260768). The predecessor fields were discovered between 1950 and 1966. The Parks (Consolidated) correlative interval of 6,190 to 11,700 feet includes the Clear Fork, Spraberry, Wolfcamp, Strawn and Pennsylvanian formations. Most current production comes from the Spraberry, Wolfcamp and Strawn formations. The current oil proration schedule carries 191 wells, about two-thirds of which are operated by COG.

There is one well on the Parks (Consolidated) Field gas proration schedule. The J. M. Cox Resources, LLP, Stewart '32' Well no. 1 is located in Section 32, about one mile northwest of the nearest COG well, and it currently produces less than 30 MCF/D. The well was originally completed as a producing oil well in 1983. In 1988 it was reclassified as a gas well because the gas-to-oil ratio was 128 MCF/Bbl. COG opined that the existence of one gas well operating in the field is an anomaly. Review of RRC records indicates that there are several other gas wells in the vicinity of the Stewart well. One produced from the Parks (Consolidated) Field but is now plugged. Two others produce from the Devonian formation, which underlies the Parks (Consolidated) Field.

The field consolidation in March 2009 provided the option for 40-acre units. COG has since drilled more than 35 in-fill wells in the Parks (Consolidated) Field, most of which commingle hydrocarbon fluids from multiple producing zones within the field correlative interval. COG provided data and analysis demonstrating that the in-fill drilling had significantly increased their recoverable reserves as oil production increased from about 9,000 BOPM in 2009 to over 40,000 BOPM in 2013. Analysis of total production and

estimated ultimate recovery projections yielded a drainage area per well of 10 acres, or a drainage radius of 372 feet.

The ground surface is densely developed with supporting infrastructure including pipelines and pumps. Relaxing the spacing requirements for wells will provide operators flexibility in locating and constructing wells and other facilities for the continued development of the field. Providing optional 20-acre well densities and reduced spacing requirements will enable operators in the field to recover more reserves, reduce waste, and protect correlative rights.

FINDINGS OF FACT

1. Notice of this hearing was sent to all persons legally entitled to notice at least ten days prior to the date of hearing.
2. The Parks (Consolidated) Field was created on March 11, 2009 by the consolidation of the Parks (Spraberry), Parks (Pennsylvanian) and Bryant-G-(Strawn) Fields (Docket No. 08-0260768)
 - a. The Parks (Consolidated) Field is designated as the interval from 6,190 feet to 11,700 feet as shown on the log of the Parks Field Unit 2 Well No. 2208. This interval includes all zones between the top of the Clear Fork and the base of the Pennsylvanian.
 - b. The field operates under rules providing for 467'-330' well spacing, 80 acre density with optional 40-acre units, and allocation based on 75% acreage and 25% per well.
3. In-fill development since the 2009 field consolidation has significantly increased recoverable reserves.
4. Reservoir calculations indicate a per well drainage area of 10 acres.
5. The proposed well spacing of 330 feet from lease lines and 0 feet between wells will provide operators flexibility in locating and constructing wells and other facilities for the continued development of the field.
6. A density rule of 160 acres with optional 20 acres units is appropriate for the field based on reservoir calculations performed by COG.

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.

EXAMINER'S RECOMMENDATION

Based on the above findings and conclusions, the examiners recommend that the requested field rules be amended for the Parks (Consolidated) Field.

Respectfully submitted,



Paul Dubois
Technical Examiner



Marshall Enquist
Legal Examiner