



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL AND GAS DOCKET NO. 08-0286970

THE APPLICATION OF COG OPERATING, LLC TO AMEND FIELD RULES FOR THE
HOEFS T-K (WOLFCAMP) FIELD, REEVES COUNTY, TEXAS

HEARD BY: Richard D. Atkins, P.E. - Technical Examiner
Karl Caldwell - Technical Examiner

HEARING DATE: January 16, 2014

APPEARANCES: REPRESENTING:

APPLICANT:

Ana Maria Marsland Griffith COG Operating, LLC
Greg Cloud

EXAMINERS' REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Temporary Field Rules for the Hoefs T-K (Wolfcamp) Field, Reeves County, Texas were adopted in Final Order No. 08-0263733, effective February 10, 2010. These temporary field rules were amended in Final Order No. 08-0277588, effective October 2, 2012 and are summarized as follows:

1. Designation of the field as the correlative interval from 7,692 feet to 11,750 feet as shown on the log of the El Paso Natural Gas Co. - Hoefs Lease, Well No. 1 (API No. 42-389-00310);
2. 467'-933' well spacing with a special provision for "take points" in horizontal wells;
3. 160 acre oil units with a special provision for the assignment of acreage to horizontal wells of $A = (L \times 0.11488) + 160$ acres. Operators shall file certified plats showing acreage credit claimed for each well. No maximum diagonal limitation;

4. Allocation based on 75% acres and 25% per well with a 1965 Yardstick Top Allowable.

COG Operating, LLC ("COG") requests that the temporary Field Rules be amended, as described below:

- Rule 3: For the determination of acreage credit in this field, operators shall file for each oil or gas well in this field a Form P-15 Statement of Productivity of Acreage Assigned to Proration Units. On that form or an attachment thereto, the operator shall list the number of acres that are being assigned to each well on the lease or pooled unit for proration purposes. For oil or gas wells, operators shall be required to file, along with the Form P-15, a plat of the lease, pooled unit or property; provided that such plat shall not be required to show individual proration units. There is no maximum diagonal limitation in this field.

The application is unopposed and the examiners recommend that the temporary Field Rules be amended for Hoefs T-K (Wolfcamp) Field, Reeves County, Texas as proposed by COG.

DISCUSSION OF THE EVIDENCE

The Hoefs T-K (Wolfcamp) Field was discovered in February 1988 at an average depth of 10,500 feet. Temporary Field Rules for the Hoefs T-K (Wolfcamp) Field, Reeves County, Texas, were adopted in Final Order No. 08-0263733, effective February 10, 2010. These temporary field rules were amended in Final Order No. 08-0277588, effective October 2, 2012.

At the present time, the temporary Field Rules state that operators shall file with the Commission certified plats of their properties in said field, which plats shall set out distinctly all of those things pertinent to the determination of the acreage credit claimed for each well; provided that if the acreage assigned to any proration unit has been pooled, the operator shall furnish the Commission with such proof as it may require as evidence that interests in and under such proration unit have been so pooled (Rule 3). COG requests that this condition of Rule 3 be amended to file a Form P-15 instead of a certified plat for the determination of acreage credit in this field. COG presented evidence showing that this method of reporting the number of acres assigned to each well on the lease or pooled unit for proration purposes has been adopted in several fields in the area with horizontal development, akin to the Hoefs T-K (Wolfcamp) Field. Specifically, these fields are the Phantom (Wolfcamp) Field, Reeves and Ward County (Final Order No. 08-0269114), Derby (Bone Spring) Field, Culberson County (Final Order No. 08-0282091), and Sandbar (Bone Spring) Field, Loving County (Final Order No. 08-0268905).

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 Hoefs T-K (Wolfcamp) Field was discovered in February 1988 at an average depth of 10,500 feet.
3. The Hoefs T-K (Wolfcamp) Field is actively being developed with horizontal drainhole wells.
4. The field currently operates under temporary Field Rules that were amended in Final Order No. 08-0277588, effective October 2, 2012.
5. Amending Rule 3, allowing operators in this field to file Form P-15 Statement of Productivity of Acreage Assigned to Proration Units instead of the requirement to file a certified plat every time will be consistent with other nearby fields with horizontal well development.

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 Rules for the Hoefs T-K (Wolfcamp) Field will 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 the Commission amend Field Rules for the Hoefs T-K (Wolfcamp) Field, as requested by COG Operating, LLC.

Respectfully submitted,



Karl Caldwell
Technical Examiner



Richard Atkins, P.E.
Technical Examiner