



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL AND GAS DOCKET NO. 8A-0286067

THE APPLICATION OF UNITEX OIL & GAS, LLC TO RENUMBER AND AMEND FIELD RULES FOR THE SHARON RIDGE (1700) FIELD, SCURRY COUNTY, TEXAS

HEARD BY: Richard D. Atkins, P.E. - Technical Examiner
Michael Crnich - Legal Examiner

HEARING DATE: January 13, 2014

APPEARANCES: **REPRESENTING:**

APPLICANT:

Matt Baab
Rick Johnston

Unitex Oil & Gas, LLC

EXAMINERS' REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Field Rules for the Sharon Ridge (1700) Field were adopted in Final Order No. 8-22,137, effective October 29, 1951. The current Field Rules in effect for the field are summarized as follows:

1. 10 acre oil units;
2. 330'-660' well spacing;
3. Surface and production casing provisions;
- 4-14. Special provisions for drilling, producing and testing wells;
15. Oil allocation based on 33% acres and 67% per well with a top MER oil allowable of 21 barrels of oil per day.

Unitex Oil & Gas, LLC ("Unitex") requests that the Field Rules be renumbered and amended, as shown below:

1. Designated correlative interval from 1,380 feet to 1,925 feet as shown on the log of the Unitex Oil & Gas, LLC - Ellis Gray Lease, Well No. 1119 (API No. 42-415-34915);
2. 165'-0' well spacing;
3. 10 acre oil units with optional 5 acre density and the filing of Form P-15 without proration unit plats;
4. Oil allocation based on 33% acres and 67% per well with a top MER oil allowable of 21 barrels of oil per day.

The application is unopposed and the examiners recommend that the Field Rules be renumbered and amended for the Sharon Ridge (1700) Field, as proposed by Unitex.

DISCUSSION OF EVIDENCE

The Sharon Ridge (1700) Field was discovered in December 1923 at an average depth of 1,700 feet. There are 1,328 producing oil wells and 46 operators carried on the oil proration schedule. The field operates under Field Rules that provide for 330'-660' well spacing and 10 acre oil units. Cumulative production from the field since 1954 through August 2013 is 64.4 MMBO and 698.3 MMCFG.

There is currently no defined correlative interval for the field. Unitex requests that the Sharon Ridge (1700) Field be defined as the correlative interval from 1,380 feet to 1,925 feet as shown on the log of the Unitex Oil & Gas, LLC - Ellis Gray Lease, Well No. 1119 (API No. 42-415-34915), Section 1, Block 1, J P Smith Survey, A-456, Scurry County, Texas. The correlative interval includes the entire productive portion of the San Andres formation.

Unitex is developing the field with infill wells and requests that the Field Rules be amended to promote the efficient and effective development of the remaining hydrocarbons. Unitex proposes 165'-0' well spacing and 10 acre oil units with optional 5 acre density. Unitex is proposing similar Field Rules that have already been adopted in the adjacent Iatan (San Andres) Field.

Unitex 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. Unitex proposes allocation remain based on 33% acres and 67% per well with a top MER oil allowable of 21 barrels of oil per day.

FINDINGS OF FACT

1. Notice of this hearing was provided to all persons entitled to notice at least ten (10) days prior to the date of the hearing and no protests were received.
2. The Sharon Ridge (1700) Field was discovered in December 1923 at an average depth of 1,700 feet.
 - a. There are 1,328 producing oil wells and 46 operators carried on the oil proration schedule.
 - b. The field operates under Field Rules that provide for 330'-660' well spacing and 10 acre oil units.
 - c. The Sharon Ridge (1700) Field is actively being developed with infill wells.
3. The Sharon Ridge (1700) Field should be defined as the correlative interval from 1,380 feet to 1,925 feet as shown on the log of the Unitex Oil & Gas, LLC - Ellis Gray Lease, Well No. 1119 (API No. 42-415-34915), Section 1, Block 1, J P Smith Survey, A-456, Scurry County, Texas. The correlative interval includes the entire productive portion of the San Andres formation.
4. Adoption of 165'-0' well spacing and 10 acre oil units with optional 5 acre density is appropriate for the Sharon Ridge (1700) Field.
5. Similar Field Rules have already been adopted in the adjacent Iatan (San Andres) Field.
6. Allocation based on 33% acres and 67% per well with a top MER oil allowable of 21 barrels of oil per day is appropriate for the Sharon Ridge (1700) Field.
7. 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 Field Rules for the Sharon Ridge (1700) 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 Field Rules for the Sharon Ridge (1700) Field, as proposed by Unitex Oil & Gas, LLC.

Respectfully submitted,



Richard D. Atkins, P.E.
Technical Examiner



Michael Crnich
Legal Examiner