



# RAILROAD COMMISSION OF TEXAS

## HEARINGS DIVISION

**OIL AND GAS DOCKET NO. 08-0289577**

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**THE APPLICATION OF OXY USA WTP LP TO AMEND FIELD RULES FOR THE DORA ROBERTS (CONSOLIDATED) FIELD MIDLAND AND ECTOR COUNTIES, TEXAS**

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**HEARD BY:** Karl Caldwell – Technical Examiner  
Cecile Hanna – Legal Examiner

**DATE OF HEARING:** July 11, 2014

**APPEARANCES:**

**REPRESENTING:**

**APPLICANT:**

OXY USA WTP LP

John Soule  
Frank Muser  
Dorsey Twidwell

### EXAMINERS' REPORT AND RECOMMENDATION

#### STATEMENT OF THE CASE

Oxy USA WTP LP ("Oxy") requests that the Field Rules be amended for the Dora Roberts (Consolidated) Field, Midland and Ector Counties, Texas. The current field rules in effect are summarized as follows:

1. Designation of the field as the correlative interval between 6,970 feet and 10,794 feet as shown on log of API No. 42-329-32804;
2. 467' lease line spacing with no minimum distance between wells;
3. 80 acre proration units with optional 40 acre density; filing of proration plats;
4. Oil and gas allocation based on 100% acres.

Oxy is requesting the following amendments to the current field rules:

1. No change to correlative interval;
2. 330' lease line spacing; 100'-330' spacing for first and last take points – perpendicular lease line spacing in a horizontal drainhole, off-lease penetration point, a 50' box rule;
3. 80 acre standard proration unit, with optional 20 acre density, no requirement to show individual proration units on plat with the filing of Form P-15;
4. Two factor allocation formula based on 25% acres, 75% per well;
5. Stacked laterals;
6. An exception to current Statewide Rule 51 (a).

Oxy withdrew a request for a proposed "collision rule". Oxy originally requested an exception to Statewide Rule ("SWR") 51(a), however, Commission Staff proposed an exception to SWR 16 as an alternative. Oxy has no objection to Commission Staff's proposed language for a 90 day exception to SWR 16.

The application is not protested. The examiners recommend the field rules for the Dora Roberts (Consolidated) Field be amended, as proposed by Oxy, with deletion of the proposed "collision rule" and adoption of staff's proposed language for an exception to SWR 16.

### **DISCUSSION OF THE EVIDENCE**

Field Rules for the Dora Roberts (Consolidated) Field, Midland and Ector Counties, Texas were adopted in Final Order No. 08-0208973 on August 8, 1995. The field rules were amended in Final Order No. 08-0270914 on July 11, 2011 at which time a correlative interval was designated for the subject field.

Horizontal wells have been completed in the subject field. Future drilling plans include horizontal drainholes with lengths approaching 10,000 feet. Oxy is proposing a 50 foot box rule to provide the operator flexibility in drilling long laterals that will comply with the requirements of the drilling permits. A 50 foot box rule has been adopted in other fields where comparable length horizontal drainholes are drilled.

Oxy proposes 330 foot lease line spacing. There is currently no between well spacing in the field per the special field rules. Oxy proposes special provisions for

"take points", 100' lease line spacing for the first and last take points, and an "off-lease" penetration point for horizontal drainhole wells. These special provisions have been adopted in similar fields undergoing development with horizontal drainholes. The correlative interval for the subject field is an interval of over 3,800 feet. Oxy proposes a stacked lateral rule to allow operators in the field to target multiple horizons within the correlative field interval with the acreage assigned to one well which will more effectively recover hydrocarbons from each proration unit. Oxy has no objection to the standard language for proposed stacked lateral field rule.

Oxy is proposing optional 20 acre density units based on drainage calculations performed in the subject field. Drainage area calculations for 18 different 640 sections, consisting of 95 wells, and using a 5% recovery factor resulted in estimated drainage areas ranging between 4 and 11 acres. The average drainage area was calculated to be 7 acres. Based on an optional 20 acre density unit in the field, Oxy is proposing to amend the lease line spacing from 467 feet to 330 feet.

Oxy recently completed the DRRU 4027H well, a horizontal drainhole well in the subject field. The daily oil production from the well has continued to increase since initial flowback as the well has cleaned up and water production has declined. The daily oil production as of July 5, 2014 was approximately 700 BOPD and the production trend is still increasing. As a result, Oxy is requesting a daily top allowable of 850 BOPD in the subject field. Oxy also requests an exception to allow more time to file the completion reports for the oil wells in the field since the daily rate for the DRRU 4027H well has continued to increase in the first 4 months of production.

Additionally, Oxy 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.

#### **FINDINGS OF FACT**

1. Notice of this hearing was given to operators in the subject field at least ten days prior to the date of hearing and no protests were received.
2. Oxy requests to amend field rules to promote the drilling and completion of horizontal wells.
3. Drainage calculations support optional 20 acre density units in the subject field.
4. Adoption of a two factor allocation formula is appropriate. TEX. NAT. RES. CODE ANN. § 86.089.

**CONCLUSIONS OF LAW**

1. Proper notice was issued as required by all applicable statutes and regulatory codes.
2. All things have occurred and been accomplished to give the Commission jurisdiction in this matter.
3. Amending the field rules for the Dora Roberts (Consolidated) Field will 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 the field rules for the Dora Roberts (Consolidated) Field, Midland and Ector Counties, Texas as requested by Oxy USA WTP LP.

Respectfully submitted,



Karl Caldwell  
Technical Examiner



Cecile Hanna  
Legal Examiner