



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL AND GAS DOCKET NO. 10-0290787

THE APPLICATION OF 4P ENERGY TEXAS, LLC TO AMEND FIELD RULES FOR THE FELDMAN (TONKAWA) FIELD, HEMPHILL AND LIPSCOMB COUNTIES, TEXAS

HEARD BY: Paul Dubois – Technical Examiner
Terry Johnson – Hearings Examiner

HEARING DATE: September 8, 2014

APPEARANCES:

James M. Clark

REPRESENTING:

4P Energy Texas, LLC

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

This is the application of 4P Energy Texas, LLC (4P) to amend field rules for the Feldman (Tonkawa) Field in Hemphill and Lipscomb Counties, Texas. 4P seeks to amend Field Rule No. 2 to add horizontal well provisions for no perforation zones, off-lease penetration points, and a 50-foot box rule. The application was not protested. The examiners recommend the field rules be amended.

DISCUSSION OF EVIDENCE

The Feldman (Tonkawa) Field was discovered on October 29, 1959 at a depth of 7,573 feet. The field currently contains about 35 oil wells and 10 gas wells. 4P has begun drilling one well in the field, but is not an operator listed on the current proration schedule. Since discovery the field has produced more than 5.3 million barrels of liquid hydrocarbons and 58 billion cubic feet of natural gas. The field is currently being developed almost exclusively with horizontal wells. Since 2010, horizontal wells in the field have produced more than 1.5 million barrels of liquid hydrocarbons and 8 billion cubic feet of gas. The current field rules were established on September 29, 2009, by consolidated Oil & Gas

Docket Nos. 10-0262312 and 10-0262316. The current field rules are summarized below:

1. The correlative interval is from 7,606 feet to 7,652 feet based on the log of the Mobil Producing TX & NM, Inc. - Olive T. Jones Lease, Well No. 3 (API No. 42-295-80377), Lipscomb County, Texas;
2. 467-foot lease line spacing and 660-foot between well spacing, and take point provisions with dual lease line spacing of 467 feet and 660 feet;
3. 640 acre standard gas units with 160 acre optional units, and 160 acre standard oil units;
4. Gas well allocation is based on Statewide Rule 49(b), and oil well allowables are based on 100 percent acreage.

4P seeks to supplement these rules with three additional provisions regarding the drilling and completion of horizontal wells: no-perforation zones, off-lease penetration points, and a 50-foot box rule for lateral compliance with field spacing provisions. These are common provisions for fields experiencing horizontal development.

4P stated the important factor in effective horizontal development is maximizing the drainhole length, and these proposed rules will facilitate that goal. 4P provided microseismic data showing that its north-south oriented laterals propagate fractures in an east-west direction, and there is very little fracture propagation beyond the heel or toe of the lateral wellbores.

FINDINGS OF FACT

1. The Feldman (Tonkawa) Field was discovered on October 29, 1959 at a depth of 7,573 feet.
2. The field currently contains about 35 oil wells and 10 gas wells. 4P has begun drilling one well in the field, but is not an operator listed on the current proration schedule.
3. Since discovery the field has produced more than 5.3 million barrels of liquid hydrocarbons and 58 billion cubic feet of natural gas.
4. Since 2010, horizontal wells in the field have produced more than 1.5 million barrels of liquid hydrocarbons and 8 billion cubic feet of gas.

5. The current field rules were established on September 29, 2009, by consolidated Oil & Gas Docket Nos. 10-0262312 and 10-0262316.
6. 4P seeks to supplement these rules with three additional provisions regarding the drilling and completion of horizontal wells: no-perforation zones, off-lease penetration points, and a 50-foot box rule for lateral compliance with field spacing provisions. These are common provisions for fields experiencing horizontal development.
7. 4P stated the important factor in effective horizontal development is maximizing the drainhole length, and these proposed rules will facilitate that goal.

CONCLUSIONS OF LAW

1. Resolution of the subject application is a matter committed to the jurisdiction of the Railroad Commission of Texas. Tex. Nat. Res. Code § 81.051
2. All notice requirements have been satisfied. 16 Tex. Admin. Code § 1.45
3. The proposed field rule amendments will prevent waste, protect correlative rights, and promote the orderly development of the field.

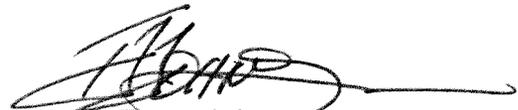
RECOMMENDATION

Based on the above findings of fact and conclusions of law, the examiners recommend amending the Field Rules for the Feldman (Tonkawa) Field, as proposed by 4P Energy Texas, LLC.

Respectfully submitted,



Paul Dubois
Technical Examiner



Terry Johnson
Hearings Examiner