



# RAILROAD COMMISSION OF TEXAS

## HEARINGS DIVISION

**OIL AND GAS DOCKET NO. 8A-0292299**

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**THE APPLICATION OF MANZANO, LLC TO ADOPT FIELD RULES FOR THE PLATANG (SAN ANDRES) FIELD, YOAKUM COUNTY, TEXAS**

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**HEARD BY:** Brian Fancher, P.G. - Technical Examiner  
Marshall F. Enquist - Legal Examiner

**HEARING DATE:** October 22, 2014

**APPEARANCES:**  
**APPLICANT:**

James M. Clark, P.E.

**REPRESENTING:**

Manzano, LLC

### EXAMINERS' REPORT AND RECOMMENDATION

#### STATEMENT OF THE CASE

Manzano, LLC ("Manzano") seeks to adopt special field rules in effect for the Platang (San Andres) Field ("the Field"), which is currently governed by statewide rules. Manzano requests the following special field rules for the Field:

1. The correlative interval from 5,143 feet to 5,687 feet, as shown on the log of the Gulf Oil Corp. - Geo. Cleveland et. al. Lease, Well No. 1D, J.H. Gibson Survey (A-510), Section 643, Block D, Yoakum County, Texas, shall designate the Field;
2. 330' lease, property, or subdivision line spacing and 660' between well spacing; special horizontal rules that provide 100' first and last take points, no perf zones ("NPZs"), a 33' sub-surface box rule, off-lease penetration points, and Form P-15s in lieu of proration unit plats;
3. Allocation based on 5% per well and 95% acreage; and,
4. Stacked laterals.

Dated September 03, 2014, the subject application's Notice of Hearing ("NOH") indicates that Manzano sought 160-acre proration units, with 40-acre optional units, and cancellation of overproduction. At the hearing, however, Manzano requested that the density provision remain on statewide rules (*i.e.*, 40-acre proration units). By letter dated November 17, 2014, Manzano confirmed that no overproduction in the Field exists, thus withdrawing its request for cancellation of overproduction. Lastly, Manzano originally requested that production be allocated based on the 1965 Yardstick; however, at the hearing indicated it would not consider a recommendation to adopt the 1947 Yardstick as adverse.

The application is unopposed. The examiners recommend that special field rules for the Field be amended, as ultimately proposed by Manzano.

### **DISCUSSION OF THE EVIDENCE**

Mr. James M. Clark, P.E., a consulting petroleum engineer, testified on behalf of Manzano. Mr. Clark is licensed as a Professional Engineer with the Texas Board of Professional Engineers with specialization in petroleum engineering.

The Field was discovered on May 15, 1955, and is classified as an oil field. The current proration schedule indicates that Manzano is the only operator in the Field with two wells. Since its discovery, the Field has encountered two periods of inactivity. From 1967 through 1980, and 1983 through 2005, no hydrocarbons were produced from the Field. In fact, in its history only five to six vertical wells have existed in the Field. The purpose of Manzano's proposed special field rules are to exploit the existing recoverable reserves with horizontal drilling.

Currently, no designated correlative interval exists to define the Field in the sub-surface. Manzano seeks to define the Field as the correlative interval from 5,143 feet to 5,687 feet, as shown on the log of the Gulf Oil Corp. - Geo. Cleveland et. al. Lease, Well No. 1D, J.H. Gibson Survey (A-510), Section 643, Block D, Yoakum County, Texas<sup>1</sup>. Manzano's proposed correlative interval includes the entire San Andres formation.

Existing wells in the Field are governed by minimum well spacing provisions of 467' from the lease, property, or subdivision line ("lease line"), and 1,200' between wells. Mr. Clark testified that Manzano's future development of the Field includes drilling horizontal wells, where the laterals extend roughly 4,000' with 13-stage frac jobs. Manzano requests a minimum well spacing of 330'-660' with special horizontal well provisions, including dual lease line spacing measured by take-points. Manzano's proposed dual lease line spacing provision measures 100' first and last take-points, and 330' take points from the nearest lease line. Mr. Clark testified that in the Field, the induced fractures in the San Andres formation propagate east-west within ten degrees azimuthal direction, thus adoption of the 100' first and last take points are appropriate.

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<sup>1</sup> Exh. No. 3a.

Beyond that, Manzano requests provisions that include NPZs, a 33' sub-surface box rule, off-lease penetration points, and the filing of Form P-15s in lieu of individual proration unit plats for each well completed in the Field. Mr. Clark testified the nearby Seminole Draw (San Andres), Shafter Lake (San Andres), and Shafter Lake, N. (San Andres) Fields have adopted similar field rules to the set proposed by Manzano in the captioned docket<sup>2</sup>. Furthermore, the San Andres formation is continuous throughout the area and exhibits similar reservoir properties.

In conclusion, Manzano requests that its proposed field special field rules be granted to allow for flexibility in locating future drilled wells within the Field. Mr. Clark asserts that correlative rights will not be adversely affected if its proposed rules are adopted

### **FINDINGS OF FACT**

1. Manzano, LLC ("Manzano") seeks to adopt special field rules for the Platang (San Andres) Field ("the Field").
2. Manzano requests the following special field rules be adopted for the Field:
  - a. The correlative interval from 5,143 feet to 5,687 feet, as shown on the log of the Gulf Oil Corp. - Geo. Cleveland et. al. Lease, Well No. 1D, J.H. Gibson Survey (A-510), Section 643, Block D, Yoakum County, Texas, shall designate the Field;
  - b. 330' lease, property, or subdivision line spacing and 660' between well spacing; special horizontal rules that provide 100' first and last take points, no perf zones ("NPZs"), a 33' sub-surface box rule, off-lease penetration points, and Form P-15s in lieu of proration unit plats;
  - c. Allocation based on 5% per well and 95% acreage; and,
  - d. Stacked laterals.
2. The Field was discovered on May 15, 1955, and is governed by Statewide Rules.
3. Manzano is the only operator listed on the current Oil Proration Schedule for the Field.
4. Adoption of Manzano's proposed field rules is appropriate for further development of the Field.

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<sup>2</sup> Exh. No. 6

**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. Adopting field rules as proposed by Manzano, LLC is necessary to prevent waste and protect correlative rights.

**EXAMINERS' RECOMMENDATION**

Based on the above findings of fact and conclusions of law, the examiners recommend that proposed field rules be adopted for the Platang (San Andres) Field, as proposed by Manzano, LLC.

Respectfully submitted,



Brian Fancher, P.G.  
Technical Examiner



Marshall F. Enquist  
Legal Examiner