



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL AND GAS DOCKET NO. 02-0295354

**THE APPLICATION OF BURLINGTON RESOURCES OIL & GAS COMPANY LP
TO AMEND FIELD RULES FOR THE DE WITT (EAGLE FORD SHALE) FIELD, DE
WITT, GONZALES, KARNES AND LAVACA COUNTIES, TEXAS**

HEARD BY: Paul Dubois – Technical Examiner
Marshall Enquist – Hearings Examiner

HEARING DATE: March 13, 2015

CONFERENCE DATE: April 28, 2015

APPEARANCES:

Jamie Nielson
Greg Cloud
Bruce St. Pierre
Robert Irby

REPRESENTING:

Burlington Resources Oil & Gas Company LP

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Burlington Resources Oil & Gas Company LP (Burlington) seeks to amend field rules for the De Witt (Eagle Ford Shale) Field in De Witt, Gonzales, Karnes, and Lavaca Counties, Texas. Field rules for the De Witt (Eagle Ford Shale) Field were adopted on November 2, 2010 (Oil & Gas Docket No. 02-0267115) and were amended on August 12, 2014 (Consolidated Oil & Gas Docket Nos. 02-0287458 & 02-0287862). In this application, Burlington requests the following amendments to the field rules:

- Add 80-acre optional gas units;
- Add provisions for stacked lateral wells.

At the call of the hearing on March 13, 2015, Burlington withdrew its request to allow cancellation of overproduction for any 12 one-month periods. All operators in the De Witt (Eagle Ford Shale) Field were notified of Burlington's application. No protests were

received. The Examiners recommend the field rules for the De Witt (Eagle Ford Shale) Field be amended as requested by Burlington.

DISCUSSION OF EVIDENCE

The De Witt (Eagle Ford Shale) Field was discovered on May 22, 2009, in De Witt County, Texas, at a depth of 13,284 feet. The field is currently classified as an associated gas field; gas wells may produce at 100 percent absolute open flow. The March 2015, proration schedules carry 312 gas wells and 5 oil wells. Burlington estimates about 67 additional wells have been completed in the field but are not yet indicated on the proration schedules. All but eight of the wells are in De Witt County. Since 2009 the field has produced more than 289 billion cubic feet of gas and 56 million barrels of condensate.

The standard drilling and proration unit size for gas wells in the field is 320 acres. The current field rules include a streamlined provision to obtain exceptions to Statewide Rule 38 (16 Tex. Admin. Code §3.38) for unit sizes as low as 40 acres. Of the 384 wells in the field, 280 wells have received exceptions to Statewide Rule 38 allowing for approved development densities from 317 acres per well to 39 acres per well. Of the current field development, 53 leases/units have development densities of less than 320 acres per well for an average density of 116 acres per well. Thirty (30) leases/units have development densities of less than 160 acres per well for an average density of 85 acres per well. Eleven (11) leases/units have development densities of less than 80 acres per well for an average density of 58 acres per well. Therefore, Burlington proposes to allow for 80-acre optional gas units.

Burlington did not provide drainage area calculations for individual wells in the field. Instead, Burlington relied on the large number of Rule 38 exceptions (280 of 384 wells, or about 73 percent) as a surrogate for the need for reduced optional unit size in the field. Further, Burlington stated that maintaining 320-acre standard units was appropriate because a large part of the field remains undeveloped with current market conditions. Dry gas wells in the currently undeveloped area, when drilled, will likely drain larger areas.

The correlative interval for the field extends from a depth of 13,284 feet to 13,513 feet, for a total interval of 229 feet. Burlington asserts that stacked lateral wells are necessary for the efficient development of the field.

FINDINGS OF FACT

1. Notice of this hearing was given to all parties entitled to notice at least ten days prior to the date of hearing.
2. At the call of the March 13, 2015, hearing, Burlington withdrew its request to allow cancellation of overproduction for any 12 one-month periods.
3. The De Witt (Eagle Ford Shale) Field was discovered on December 1, 2009,

in Live Oak County, Texas, at a depth of 11,450 feet.

- a. The March 2015, proration schedules carry 312 gas wells and 5 oil wells.
 - b. Since 2009 the field has produced more than 289 billion cubic feet of gas and 56 million barrels of condensate.
4. Seventy-three percent of the gas wells in the field have been drilled on reduced density with exceptions to Statewide Rule 38.
- a. Of the current field development, 53 leases/units have development densities of less than 320 acres per well for an average density of 116 acres per well.
 - b. Thirty (30) leases/units have development densities of less than 160 acres per well for an average density of 85 acres per well.
 - c. Eleven (11) leases/units have development densities of less than 80 acres per well for an average density of 58 acres per well.
5. An optional unit size of 80 acres for gas wells is appropriate.
6. Provisions for stacked lateral wells will promote the efficient development of the field.

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 the field rules for the De Witt (Eagle Ford Shale) Field be amended as requested by Burlington.


Paul Dubois
Technical Examiner

Respectfully submitted,


Marshall Enquist
Hearings Examiner