



# RAILROAD COMMISSION OF TEXAS

## HEARINGS DIVISION

**OIL AND GAS DOCKET NO. 08-0295887**

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**THE APPLICATION OF CONOCOPHILLIPS COMPANY TO CHANGE THE NAME OF THE FORD (WOLFCAMP) FIELD TO THE FORD (CHANNEL) FIELD, AND TO AMEND FIELD RULES FOR THE FORD (CHANNEL) FIELD, CULBERSON AND REEVES COUNTIES, TEXAS**

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**HEARD BY:** Paul Dubois – Technical Examiner  
Laura Miles-Valdez – Hearings Examiner

**HEARING DATE:** April 30, 2015

**CONFERENCE DATE:** June 9, 2015

**APPEARANCES:**

Jamie Nielson  
Greg Cloud  
Vanessa Thompson  
Jon Hairrell

**REPRESENTING:**

ConocoPhillips Company

**EXAMINER'S REPORT AND RECOMMENDATION**

**STATEMENT OF THE CASE**

ConocoPhillips Company (ConocoPhillips) requested a hearing to amend the field rules for the Ford (Wolfcamp) Field in Culberson and Reeves Counties, Texas. Specifically seeking to eliminate current and potential future acreage conflicts, ConocoPhillips seeks to reduce the correlative interval for the field. The current interval (9,273 feet to 12,400 feet) includes the entire Wolfcamp Formation; the proposed interval (11,527 feet to 12,046 feet) includes only the productive channel carbonate feature from which the wells in the Ford (Wolfcamp) Field produce. ConocoPhillips is the only operator of wells in the Ford (Wolfcamp) Field. The application was not protested. The Examiners recommend ConocoPhillips be granted the relief it seeks; however, the Examiners, ConocoPhillips, and Commission staff believe the relief should be in a form different from that which was requested.

ConocoPhillips outlined three potential field rule proposals to implement the

requested relief, which were submitted to the Oil & Gas Division staff for review and input with regard to practical and functional implementation. With the agreement of both ConocoPhillips and the Commission staff, the Examiners recommend the following form of relief proposed by ConocoPhillips:

- Effectively, the name of the Ford (Wolfcamp) Field will be changed to the Ford (Channel) Field and the correlative interval reduced as requested.
- Functionally, this change will be effected by creating a new field, the Ford (Channel) Field, and transferring the existing Ford (Wolfcamp) Field wells into the new Ford (Channel) Field.
- Field rules for the Ford (Channel) Field will be identical to those of the Ford (Wolfcamp) Field, with the reduced correlative interval, as requested.

As ConocoPhillips is the only operator of wells in the field, the Examiners conclude that no other parties are entitled to notice in this matter.

### **DISCUSSION OF EVIDENCE**

The Ford (Wolfcamp) Field is a non-associated gas field that was discovered on June 12, 1999, in Culberson County, Texas. The discovery depth of 11,877 feet. Temporary field rules were established in Oil & Gas Docket No. 08-0223524 (February 8, 2000). The temporary rules were extended on July 24, 2001 (Docket No. 08-0228455), and made permanent on March 25, 2003 (Docket No. 08-0231377). The current field rules are summarized as follows:

1. The entire correlative interval from 9,273 feet to 12,400 feet as shown on the log of the China Draw Lease, Well No. 1, shall be designated as the Ford (Wolfcamp) Field;
2. Minimum well spacing of 1,320 feet from lease line and 2,640 feet between wells;
3. Gas proration units of 320 acres with 10 percent tolerance acres and a maximum diagonal of 6,000 feet; and
4. Production allocation based on 95 percent acreage and 5 percent per well.

The April 2015, proration schedule carries 17 gas wells and one salt water disposal well in the field. One well is a horizontal well, the others are vertical. A total of 24 wells were drilled in the field from May 1999, through June 2002.

The field is about 12 miles long and less than a mile wide. The field exploits

producibile hydrocarbons from an incised carbonate channel reservoir within the Wolfcamp Formation in the depth interval from about 11,500 feet to 12,200 feet. This carbonate channel reservoir is unique to the Ford (Wolfcamp) Field, and it is not present in the Wolfcamp Formation correlative intervals for either the Ford, West (Wolfcamp) Field to the west, or the Phantom (Wolfcamp) Field to the east. The Ford, West and Phantom (Wolfcamp) Fields are currently being developed with horizontal wells targeting several organic-rich mudstone sediment zones in the Wolfcamp Formation.

With the current correlative interval, the Ford (Wolfcamp) wells in the carbonate channel are holding acreage that cannot be assigned to wells drilled to develop unconventional Wolfcamp intervals producible by horizontal wells. Reducing the correlative interval effectively frees up acreage higher in the stratigraphic column—from about 9,273 feet to 11,527 for development by horizontal wells assigned to either the Ford, West or Phantom (Wolfcamp) Fields.

The geologic evidence presented at the hearing demonstrates that the carbonate channel reservoir exploited by the Ford (Wolfcamp) Field is limited in horizontal and vertical extent to within a small portion of the Wolfcamp Formation. It is, effectively, a discrete conventional reservoir within the larger context of a tight resource play. It is the opinion of ConocoPhillips, and its expert engineering witness, Greg Cloud, P.E., that the two productive resources—the carbonate channel and the resource play shales—are distinct reservoirs that can only be effectively developed independently.

With the current correlative interval, the prohibition against the double assignment of acreage in Statewide Rule 40 [16 Tex. Admin. Code §3.40(d)], prevents operators from developing the hydrocarbon-bearing mudstone unconventional reservoir that is within the Wolfcamp Formation but outside of the incised carbonate channel reservoir of the Ford (Wolfcamp) Field. Without the proposed correlative interval change, ConocoPhillips would not be able fully to develop its acreage in the field. Acreage held by vertical wells in the Ford (Wolfcamp) Field would preclude development by horizontal wells of the organic-rich mudstone sediments above the incised carbonate channel. ConocoPhillips has completed its Franchise WC Unit, Well No. 3701 H, in the Phantom (Wolfcamp) Field at a depth of 9,806 to 9,790 feet. Commission staff informed ConocoPhillips the well could not be assigned to the Phantom (Wolfcamp) Field because this depth interval is within the correlative interval for the Ford (Wolfcamp) Field. Contracting the correlative interval for the Ford (Wolfcamp) Field will resolve the issue and enable ConocoPhillips to fully develop its Wolfcamp acreage.

Finally, ConocoPhillips acknowledge that one of its vertical wells in the Ford (Wolfcamp) Field, the China Draw "26" Well No. 3 (API No. 109-32204) is perforated in the incised carbonate channel and in a productive interval at a depth of about 9,500 feet. ConocoPhillips stated that it will seek an exception to Statewide Rule 10 for this well to ensure it is compliant with Commission rules if the field's correlative interval is reduced as requested.

To implement the proposed relief, Commission staff recommends that the field name for the Ford (Wolfcamp) Field be changed to the Ford (Channel) Field. Removing the formation name (Wolfcamp) from the field name will prevent confusion when permitting wells and working completion reports for wells in the Phantom (Wolfcamp) and Ford, West (Wolfcamp) Fields. Functionally, this change will be effected by creating a new field, the Ford (Channel) Field, and transferring the existing Ford (Wolfcamp) Field wells into the new Ford (Channel) Field. Existing wells that are currently carried on the Ford (Wolfcamp) Field are identified on Attachment A. Field rules for the Ford (Channel) Field will be identical to those of the Ford (Wolfcamp) Field, with the reduced correlative interval, as requested.

#### **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. The Ford (Wolfcamp) Field was discovered on June 12, 1999, at a depth of 11,877 feet, in Culberson County, Texas.
3. Temporary field rules were established in Oil & Gas Docket No. 08-0223524 (February 8, 2000) and made permanent on March 25, 2003 (Docket No. 08-0231377).
4. The current field rules include a correlative interval from 9,273 feet to 12,400 feet as shown on the log of the China Draw Lease, Well No. 1, and includes all of the Wolfcamp Formation.
5. 24 vertical wells have been drilled in the field, and 18 are on the current proration schedule. The wells were drilled between 1999 and 2002. No permits have been issued since 2002.
6. The Ford (Wolfcamp) Field is an incised carbonate channel reservoir within the Wolfcamp Formation. The channel occurs in the depth interval from about 11,500 feet to 12,200 feet. The field is about 12 miles long and less than a mile wide.
  - a. The incised channel carbonate reservoir is a separate and distinct from the surrounding Wolfcamp Formation mudstones that are currently being developed in the Ford, West (Wolfcamp) Field to the west, or the Phantom (Wolfcamp) Field to the east.
  - b. The incised carbonate channel reservoir of the Ford (Wolfcamp) Field is not present in the correlative intervals of the Ford, West (Wolfcamp)

Field to the west, or the Phantom (Wolfcamp) Field to the east.

7. The Ford, West and Phantom (Wolfcamp) Fields are currently being developed with horizontal wells targeting several organic-rich mudstone sediment zones in the Wolfcamp Formation.
8. With the current correlative interval, the prohibition against the double assignment of acreage in Statewide Rule 40 [16 Tex. Admin. Code §3.40(d)], prevents operators from developing the hydrocarbon-bearing mudstone unconventional reservoir that is within the Wolfcamp Formation but outside of the incised carbonate channel reservoir of the Ford (Wolfcamp) Field.
9. Reducing the Ford (Wolfcamp) Field correlative interval to include only the incised carbonate channel reservoir will prevent waste and protect correlative rights.
10. Renaming the Ford (Wolfcamp) Field to the Ford (Channel) Field will ease administrative burdens on operators in the field and Commission staff.

**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. Amending the field rules as requested by ConocoPhillips will prevent waste and protect correlative rights.

**RECOMMENDATION**

Based on the above findings of fact and conclusions of law, the Examiners recommend the field rules for the Ford (Wolfcamp) Field be amended, as requested by ConocoPhillips.

Respectfully submitted,



Paul Dubois  
Technical Examiner



Laura Miles-Valdez  
Hearings Examiner

**ATTACHMENT A**

Wells to be Transferred Without Fees from the Ford (Wolfcamp) Field (ID No. 31907 475) to the Ford (Channel) Field (ID No. 31907 200):

<b><u>API No.</u></b>	<b><u>County</u></b>	<b><u>Operator</u></b>	<b><u>Well Name &amp; No.</u></b>	<b><u>Gas ID No.</u></b>
109-32192	Culberson	ConocoPhillips Company	China Draw 26 No, 1	174459
109-32198	Culberson	ConocoPhillips Company	Ramsey "35" No. 1	176378
389-32186	Reeves	ConocoPhillips Company	State of Texas "38" No. 1	178713
109-32199	Culberson	ConocoPhillips Company	Texas Pacific Land Trust "23" No. 1	179788
389-32190	Reeves	ConocoPhillips Company	Texas Pacific Land Trust "47" No. 1	182363
389-32198	Reeves	ConocoPhillips Company	State of Texas "48" No. 1	182364
389-32200	Reeves	ConocoPhillips Company	Ramsey "35" No, 2	183506
389-32201	Reeves	ConocoPhillips Company	State of Texas "38" No. 2	184112
109-32202	Culberson	ConocoPhillips Company	China Draw "26" No. 2	186692
389-32219	Reeves	ConocoPhillips Company	Texas Pacific Land Trust 1, Well No. 1	187633
389-32206	Reeves	ConocoPhillips Company	Alexander "24" No. 1	188129
389-32215	Reeves	ConocoPhillips Company	State of Texas "48" No. 2	188133
109-32204	Culberson	ConocoPhillips Company	China Draw "26" No. 3	188147
389-32218	Reeves	ConocoPhillips Company	Texas Pacific Land Trust "37" No. 1	188149
389-32232	Reeves	ConocoPhillips Company	Texas Pacific Land Trust "37" No. 2	189600
109-32213	Culberson	ConocoPhillips Company	Ramsey "38" No. 3	190255
109-32214	Culberson	ConocoPhillips Company	Ramsey "14" No. 1	190701
389-32245	Reeves	ConocoPhillips Company	Texas Pacific Land Trust "25" No. 1H	195777