



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL AND GAS DOCKET NO. 08-0295427

**THE APPLICATION OF BLACKBEARD OPERATING, LLC TO AMEND PERMENANT
FIELD RULES FOR THE JANELLE, SE. (TUBB) FIELD, WARD COUNTY, TEXAS**

HEARD BY: Richard Eyster, P.G. – Technical Examiner
Terry Johnson – Legal Examiner

HEARING DATE: March 27, 2015

CONFERENCE DATE:

APPEARANCES:

REPRESENTING:

APPLICANT:

Dale Miller

Blackbeard Operating, LLC

EXAMINERS' REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Blackbeard Operating, LLC. (Blackbeard) requests to amend permanent field rules for the Janelle, SE (Tubb) Field, Ward County, Texas. The proposed rules are;

1. Designate the Correlative Interval from 5,067 feet to 5,530 feet as shown on the Compensated Neutron Formation Density Log of the American Quasar Petroleum, Marston Lease Well No. 1, located in Section 7, Blk B-19 of the PSL Survey, Ward County Texas.
2. 330 ft-660ft well spacing.
3. 80 acre base oil units with optional 10 acre density, 20 acre tolerance provision for the last well on the lease, the filing of Form P-15 to designate the number of acres to be assigned to individual wells with a

plat of the entire lease, with no requirements to file individual well proration unit plats and no maximum diagonal limitation unless an operator chooses to file individual well proration unit plats. Although not required, an operator may file proration plats for individual wells if they so desire.

4. Allocation based on 100% acres with a top oil allowable based on the 1965 Yardstick Allowable.

Notice of the application was sent to all operators with wells in the application is not protested. The Examiners recommend field rules adopted for the Janelle, SE (Tubb) Field as proposed by Blackbeard.

DISCUSSION OF THE EVIDENCE

Operators in the field are Blackbeard Operating Co., Arena Production Company, Chevron USA Inc., Cimarex Energy Co., PPC Operating Company LLC., and XTO Energy. There were no protests.

The Janelle, SE (Tubb) Field was discovered on October 13, 1962 at a depth of 5,344 feet. The field is currently under Special Order 8-69,435, adopted September, 18 1978. Current field rules are:

- a. 467'– 800' lease/well spacing
- b. 80 acre base units with optional 40 acre density and;
- c. 40 acre tolerance acres
- d. Maximum diagonal of 3200' with 2100' option

There are a total of twenty-four (24) pumping wells, six (6) partial plugged wells, one (1) injection well, one well is shut in, two (2) wells have applied for plugging extensions and there are eighteen (18) abandoned wells in the field. Cumulative production from the field to December 2014 is 5,484,145 BO. According to Blackbeard, the average pay thickness is approximately 75 feet thick. The average porosity of the pay sand is 15. %, the average permeability is 2.16 md. The average oil saturation is 60% with an average water saturation of 40%. The average API gravity of the oil produced is 37.8° API. The proven oil acreage is 2,200 acres and the formation volume factor is 1.38. The original reservoir pressure was 2,425 psi. Based on these reservoir parameters, the drainage areas for wells in the field range from less than 1.0 acres to 76 acres The average well density is 43 acres per well.

Blackbeard is proposing to designate the Correlative Interval to be from 5,067 feet to 5,530 feet as shown on the Compensated Neutron Formation Density Log of the American Quasar Petroleum, Marston Lease Well No. 1, located in Section 7, Blk B-19 of the PSL Survey, Ward County Texas. Blackbeard would like to change the lease line spacing to 330 feet for the field, with 660 foot` minimum well spacing which will afford

operators in the field greater flexibility in placing wells to maximize productivity and prevent waste. Blackbeard is also requesting to change the current rules to 80 acre base oil units with an optional 10 acre density and 20 acre tolerance provisions for the last well on the lease. Blackbeard is also requesting the filing of Form P-15 to designate the number of acres to be assigned to individual wells with a plat of the entire lease, with no requirements to file individual proration unit plats and no maximum diagonal limitation. Additionally Blackbeard requests the allocation be based on 100% acres with a top oil allowable based on the 1965 Yardstick Allowable. The Examiners recommend field rules for the Janelle, SE (Tubb) Field be adopted as proposed by Blackbeard.

FINDINGS OF FACT

1. Notice of the application was sent to all operators with wells in the field subject to the application at least ten days prior to the date of hearing and no protests were received.
2. The Janelle, SE (Tubb) Field was discovered on October 13, 1962 at a depth of 5,344 feet. The field is currently under Special Order 8-69,435, dated September 18, 1978.
3. There are 52 vertical wells in the field.
4. The maximum drainage area of the 52 wells is 76 acres with 18 wells draining less than 10 acres with an average well density of 43 acres.
5. The proposed minimum well spacing, 330'/660' (lease line/between well) is necessary to provide for flexibility in locating wells in this field.
6. Additional development on 10 acre density is necessary to maximize ultimate recovery from the field.
7. A 100% acreage allocation formula will be protective of correlative rights.
8. Blackbeard plans to drill additional wells on the proposed optional 10 acre density.

CONCLUSIONS OF LAW

1. Proper notice was issued as applicable in all regulatory statutes and codes.
2. All things have occurred and been accomplished to give the Commission jurisdiction in this matter
3. Granting the requested Field Rules will prevent waste, protect correlative rights and promote an orderly development of the reservoir.

EXAMINERS' RECOMMENDATION

Based on the above findings of fact and conclusions of law, the Examiners recommend that the Commission approve the amended permanent Field Rules for the Janelle, SE (Tubb) Field, Ward County, Texas as requested by Blackbeard Operating Co.

Respectfully submitted,


Richard Eyster, P.G.
Technical Examiner


Terry Johnson
Legal Examiner