

**RAILROAD COMMISSION OF TEXAS
HEARINGS DIVISION**

**OIL AND GAS DOCKET
NO. 08-0295427**

**IN THE JANELLE, SE. (TUBB)
FIELD WARD COUNTY, TEXAS**

**FINAL ORDER
AMENDING PERMANENT FIELD RULES
FOR THE JANELLE, SE. (TUBB) FIELD
WARD COUNTY, TEXAS**

The Commission finds that after statutory notice in the above-numbered docket heard on March 27, 2015, the presiding examiners have made and filed a report and recommendation containing findings of fact and conclusions of law, for which service was not required; that the proposed application is in compliance with all statutory requirements; and that this proceeding was duly submitted to the Railroad Commission of Texas at conference held in its offices in Austin, Texas.

The Commission, after review and due consideration of the examiners' report and recommendation, the findings of fact and conclusions of law contained therein, hereby adopts as its own the findings of fact and conclusions of law contained therein, and incorporates said findings of fact and conclusions of law as if fully set out and separately stated herein.

Therefore, it is **ORDERED** by the Railroad Commission of Texas that the field rules adopted in Final Order No. 8-69,435, effective September 18, 1978, for the Janelle, SE. (Tubb) Field, Ward County, Texas, are hereby amended and made permanent. The amended field rules are set out in their entirety as follows:

RULE 1: The entire 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 shall be designated as a single reservoir for proration purposes and be designated as the Janelle SE. (Tubb) Field.

RULE 2: No well for oil or gas shall hereafter be drilled nearer than **THREE HUNDRED THIRTY (330)** feet to any property line, lease line or subdivision line and no well shall be drilled nearer than **SIX HUNDRED SIXTY (660)** feet to any applied for, permitted or completed well in the same reservoir on the same lease, pooled unit or unitized tract. The aforementioned distances in the above rule are minimum distances to allow an operator flexibility in locating a well, and the above spacing rule and the other rules to follow are for the purpose of permitting only one well to each drilling and proration unit. Provided however, that the Commission will grant exceptions to permit drilling within shorter distances and drilling more wells than herein prescribed whenever the Commission shall have determined that such exceptions are necessary either to prevent waste or to prevent the confiscation of property. When exception to these rules

is desired, application therefore shall be filed and will be acted upon in accordance with the provisions of Commission Statewide Rule 37 and 38, which applicable provisions of said rule are incorporated herein by reference.

In applying this rule, the general order of the Commission with relation to the subdivision of property shall be observed.

RULE 3: The acreage assigned to the individual oil well for the purpose of allocating allowable oil production thereto shall be known as a proration unit. The standard drilling and proration units are established hereby to be EIGHTY (80) acres. No proration unit shall consist of more than EIGHTY (80) acres except as hereinafter provided. All proration units shall consist of continuous and contiguous acreage which can reasonably be considered to be productive of oil. No double assignment of acreage will be accepted.

If after the drilling of the last well on any lease and the assignment of acreage to each well thereon in accordance with the regulations of the Commission there remains an additional unassigned acreage of up to TWENTY (20) acres, then and in such event the remaining unassigned acreage up to and including a total of TWENTY (20) acres may be assigned as tolerance acreage to the last well drilled on such lease or may be distributed among any group of wells located thereon, so long as the proration units resulting from the inclusion of such additional acreage meet the limitations prescribed by the Commission. There is no maximum diagonal limitation in the JANELLE, SE. (TUBB) FIELD.

An operator, at his option, shall be permitted to form optional drilling units of TEN (10) acres. A proportional acreage allowable credit will be given for a well on a fractional proration unit.

For the determination of acreage credit in this field, operators shall file for each oil or gas well in this field a Form P-15 Statement of Productivity of Acreage Assigned to Proration Units. On that form or an attachment thereto, the operator shall list the number of acres that are being assigned to each well on the lease or unit for proration purposes. For oil and gas wells, operators shall be required to file, along with the Form P-15, a plat of the lease, unit or property; provided that such plat shall not be required to show individual proration units. Although not required, an operator may file proration plats for individual wells if they so desire.

RULE 4: The maximum daily oil allowable for a well in the field shall be determined by multiplying the applicable (1965) yardstick allowable for a well in the field by a fraction, the numerator of which is the acreage assigned to the well for proration purposes and the denominator of which is the maximum acreage authorized by these field rules for proration purposes, exclusive of tolerance acreage. The daily oil allowable for a well in the field shall be adjusted in accordance with Statewide Rule 49(a) when applicable.

Done this 14th day of July 2015.

RAILROAD COMMISSION OF TEXAS

**(Order approved and signatures affixed by
Hearings Divisions' Unprotected Master
Order dated July 14, 2015)**



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL AND GAS DOCKET NO. 08-0295428

THE APPLICATION OF BLACKBEARD OPERATING, LLC TO ADOPT PERMANENT FIELD RULES FOR THE MARSTON RANCH (CLEARFORK) FIELD IN 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) is proposing to adopt permanent field rules for the Marston Ranch (Clearfork) Field, Ward County, Texas.

The Marston Ranch (Clearfork) Field was discovered on July, 24, 1980 at a depth of 4,508 feet. The field is currently under Statewide Rules. Current field rules are:

- a. 467' – 1200' lease/well spacing
- b. 40 acre base units with;
- c. 20 acre tolerance acres
- d. No Maximum diagonal length
- e. 100% acres Allowable

Notice of the application was sent to all operators with wells in the field. Operators in the field are Blackbeard Operating Co, Northstar Operating Company, and OXY USA, Inc., the application is not protested. The Examiners recommend field rules adopted for the Marston Ranch (Clearfork) Field as proposed by Blackbeard.

DISCUSSION OF THE EVIDENCE

The proposed rule rules for the Marston Ranch (Clearfork) Field are;

1. Designate the Correlative Interval from 4,200 feet to 5,067 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. 330ft - 660ft well spacing.
3. 40 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. Although not required, an operator may file proration plats for individual wells if they so desire.
4. Allocation based on 95% wells and 5% acres with an oil allowable based on the 1965 Yardstick Allowable.

There are a total of 36 pumping wells, and 6 abandoned wells in the field. Cumulative field production from 1981 to January 2008 is 522,296 BO. According to Blackbeard, the average pay thickness is approximately 120 feet thick. The average porosity of the pay sand is 8.0 %, the average permeability is 3.0 md. The average oil interstitial water saturation is 50%. The average API gravity of the oil produced is 43.0° API. The proven oil acreage is 1680 acres and the formation volume factor is 1.38. The original reservoir pressure was 2,168 psi with temperature of 90°. Based on these reservoir parameters, the drainage areas for wells in the field range from less than 1.0 acre to 27 acres The average well density is less than 40 acres per well.

The Examiners recommend field rules for the Marston Ranch Clearfork) 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 no protests were received.

2. The Marston Ranch (Clearfork) 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 42 wells in the field, 36 pumping wells and 6 abandoned wells..
4. The maximum drainage area of the 36 wells is 27 acres per well with 12 wells draining less than 10 acres, and an average well density of 40 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 two factor allocation formula of 95% wells and 5% acres 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 adopt the proposed permanent Field Rules for the Marston Ranch (Clearfork) Field, Ward County, Texas as requested by Blackbeard Operating Co.

Respectfully submitted,


Richard Eyster, P.G.
Technical Examiner


Terry Johnson
Legal Examiner