



# RAILROAD COMMISSION OF TEXAS

## HEARINGS DIVISION

**OIL AND GAS DOCKET NO. 09-0296465**

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**THE APPLICATION OF NEWARK E&P OPERATING, LLC TO AMEND FIELD RULES FOR THE KRS (MARBLE FALLS) FIELD, JACK, YOUNG, PARKER AND PALO PINTO COUNTIES, TEXAS**

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**HEARD BY:** Peggy Laird, P.G. – Technical Examiner  
John Dodson – Hearings Examiner

**HEARING DATE:** June 23, 2015  
**CONFERENCE DATE:** August 25, 2015

**APPEARANCES:**

**REPRESENTING:**

**APPLICANT:**

Joe Sanders  
Rick Johnston

Newark E&P Operating, LLC

**EXAMINERS' REPORT AND RECOMMENDATION**

**STATEMENT OF THE CASE**

Newark E&P Operating, LLC ("Newark") seeks to amend field rules for the KRS (Marble Falls) Field (subject "Field") in Jack, Young, Parker, and Palo Pinto Counties, Texas. Rules for the KRS (Marble Falls) Field (ID No. 479 41500) were adopted on April 24, 2012 (Oil & Gas Docket No. 09-0275135) and were amended on March 25, 2014 (Oil & Gas Docket No. 09-0286297). Newark requests the following amendments to the field rules:

- Include the optional Rule 38 exception as part of Rule 3(c) to form fractional units of less than 320 acres for gas wells and fractional units of less than 160 acres for oil wells, but not less than 40 acres for either gas or oil wells; and

- Establish the notice distance of the optional Rule 38 exception process as 660 feet.

All operators in the KRS (Marble Falls) Field were notified, and no protests were received. The Examiners recommend that field rules be amended for the KRS (Marble Falls) Field, Jack, Young, Parker, and Palo Pinto Counties, Texas, as requested by Newark.

### **DISCUSSION OF EVIDENCE**

The KRS (Marble Falls) Field, Jack County, Texas, was discovered in October 2010 at an average depth of 5,300 feet. Current field rules were adopted to encourage the drilling of horizontal wells. The Field has shown rapid growth since discovery, and production includes both oil and gas wells. The June 2015 proration schedules carry 370 oil wells and 4 gas wells. Since 2010, the Field has produced more than 45 billion cubic feet of gas and 2.9 million barrels of oil.

According to Newark, 867 drilling permits have been approved for the KRS (Marble Falls) Field. Of these, 109 drilling permits have been approved for a Statewide Rule 38 exception. Newark relies on the numerous Rule 38 exceptions for drilling in the KRS (Marble Falls) Field to demonstrate the need for including the optional Rule 38 exception. Newark provided numerous examples of fields that have been granted the 660-foot notice provision. The current field rules provide for 330-foot lease line spacing, and 660 feet is twice the current lease-line spacing. Newark believes the request of 660 feet for notice will not harm the interests of offset operators or mineral interest owners.

Newark considers the optional Rule 38 exception to benefit and promote efficient development of the KRS (Marble Falls) 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. The KRS (Marble Falls) Field was discovered in October 2010 at an average depth of 5300 feet.
  - a. The Field operates under field rules that were amended on March 25, 2014 (Oil & Gas Docket No. 09-0286297).
  - b. The June 2015 proration schedules carry 310 oil wells and 4 gas wells.
  - c. Since 2010 the Field has produced more than 45 billion cubic feet of gas and 2.9 million barrels of oil.

3. Numerous Rule 38 exceptions for drilling in the KRS (Marble Falls) Field have been approved.
4. The special Rule 38 notice provision of 660 feet is consistent with the current lease line spacing distance of 330 feet and previous orders.

**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 KRS (Marble Falls) Field be amended as requested by Newark.

Respectfully submitted,



Peggy Laird, P.G.  
Technical Examiner



John Dodson  
Hearings Examiner