



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL AND GAS DOCKET NO. 08-0297138

**THE APPLICATION OF CONOCOPHILLIPS COMPANY TO AMEND FIELD RULES
FOR THE FORD, WEST (WOLFCAMP) FIELD, CULBERSON COUNTY, TEXAS**

HEARD BY: Peggy Laird – Technical Examiner
Marshall Enquist – Administrative Law Judge

HEARING DATE: August 5, 2015

CONFERENCE DATE: January 12, 2016

APPEARANCES:

REPRESENTING:

Jamie Nielson
Greg Cloud
Kyle Littlefield
Vanessa Thompson
Jon Hairrell

ConocoPhillips Company

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

ConocoPhillips Company ("ConocoPhillips") seeks to amend field rules for the Ford, West (Wolfcamp) Field (subject "Field"), Culberson County, Texas. ConocoPhillips' application was heard as a separately called docket in a consolidated hearing with Cimarex Energy Company ("Cimarex"), because both companies were asking for similar amendments for the Field rules. As ConocoPhillips requested, official notice was taken of Cimarex Docket Number 08-0296998. ConocoPhillips seeks the following amendments;

- A. For horizontal wells, (1) 330-foot spacing from any take point to any point on any property line, lease line or subdivision line; and (2) reducing between well spacing from 933 feet to 330 feet on the same lease;
- B. For vertical wells, amending the lease line well spacing to 330 feet from any property, lease or subdivision line, and reducing between well spacing from 933 feet to 330 feet on the same lease;

- C. Adopting optional gas proration units of 80 acres plus 10% tolerance;
- D. Adopting 320-acre base proration units and 80-acre base optional proration units for oil wells, and assigning additional acreage using the formula, $A = (L \times 0.15) + 320$ acres;
- E. Classifying the gas field as associated-prorated; and
- F. Adopting an allocation formula of 75% acreage and 25% per well for oil wells

All operators in the Field were notified, and no protests were received. Dan Gutierrez representing the Texas General Land Office appeared at the Hearing as an observer. The Examiners recommend that field rules be amended for the Ford, West (Wolfcamp) Field, Culberson County, Texas, as requested by ConocoPhillips.

DISCUSSION OF EVIDENCE

The Ford, West (Wolfcamp) Field is located south of the Texas-New Mexico state line in Culberson and Reeves Counties, Texas. Most of the field development has been in northeast Culberson County with some expansion into northern Reeves County. According to August 2015 proration schedules, there are eighty gas wells, one injection well, and four oil wells in the Field. Only one of the oil wells is producing.

The Ford, West (Wolfcamp) Field includes a 2,407 foot thick correlative interval. ConocoPhillips presented information to demonstrate changes in reservoir fluid type from dry gas in the lower Wolfcamp to rich condensates, and potentially oil in the upper Wolfcamp. ConocoPhillips anticipates testing additional upper Wolfcamp landing targets that may be classified as oil. The current field rules include provisions for gas wells, and ConocoPhillips is requesting changes for the rules to include oil wells. The amendments to the field rules to allow for oil production are necessary to fully develop the targeted zones in the most efficient manner.

Information presented in the Cimarex hearing, Docket Number 08-0296998, demonstrated that drainage areas of about 80 to 90 acres occurred between the wells. Cimarex's data also indicated that closer spacing and more intense drilling is critical to production and efficient recovery of resource. The closer spacing and 80-acre optional proration units should allow for maximize recovery and prevent waste.

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, West (Wolfcamp) Field is located south of the Texas-New Mexico state line in Culberson and Reeves Counties, Texas.
3. Based on results of studies conducted by Cimarex, drainage areas of about 80 to 90 acres occurred between the wells.
4. The Ford, West (Wolfcamp) Field includes a 2,407 foot thick correlative interval within which there are several potential zones for horizontal development.
5. According to August 2015 proration schedules, there are eighty gas wells, one injection well, and four oil wells in the Field.
6. ConocoPhillips plans to test and develop additional upper Wolfcamp landing targets that may be classified as oil.

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 rules will prevent waste, protect correlative rights, and satisfy statutory requirements.

RECOMMENDATION

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

Respectfully submitted,



Peggy Laird, P.G.
Technical Examiner



Marshall Enquist
Administrative Law Judge