



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL AND GAS DOCKET NO. 06-0299180

THE APPLICATION OF BUFFCO PRODUCTION INC. TO CONSOLIDATE THE AVINGER (PETTIT) AND LAKE FERRELL, N. (PETTIT) FIELDS INTO THE LAKE FERRELL (PETTIT, UPPER) FIELD AND TO AMEND THE FIELD RULES FOR THE LAKE FERRELL (PETTIT, UPPER) FIELD, MARION COUNTY, TEXAS

HEARD BY: Peggy Laird, P.G. – Technical Examiner
Ryan M. Lammert – Administrative Law Judge

HEARING DATE: February 29, 2016

CONFERENCE DATE: June 21, 2016

APPEARANCES: **REPRESENTING:**

APPLICANT:

George Neale
Rick Johnston

Buffco Production Inc.

EXAMINERS' REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Buffco Production Inc. ("Buffco") requests to consolidate the Avinger (Pettit) and the Lake Ferrell, N. (Pettit) Fields into the Lake Ferrell (Pettit, Upper) Field ("LFPU"). Buffco also requests to amend the current field rules for the Lake Ferrell (Pettit, Upper) Field so that the correlative interval is designated as 7,400 feet to 7,545 feet, and an optional density unit of 80 acres is added. Buffco considers the amendments are necessary to continue development of the field, which will allow for the recovery of resources and prevention of waste.

All operators in the captioned fields were notified, and no protests were received. The Administrative Law Judge and the Technical Examiner (collectively, the "Examiners") recommend the requested fields be consolidated into the Lake Ferrell (Pettit, Upper) Field, and that the field rules be amended for the Lake Ferrell (Pettit, Upper) Field as requested by Buffco.

DISCUSSION OF EVIDENCE

The Avinger (Pettit) and the Lake Ferrell, N. (Pettit) Fields are currently under statewide rules. The Avinger (Pettit) was discovered in October 1982 at a depth of 7,598 feet, and the Lake Ferrell, N. (Pettit) was discovered in April 1975 at a depth of 7,418 feet. The Commission's February 2016 Oil Proration Schedule indicates there are currently no wells in the Lake Ferrell, N. (Pettit) Field, and Buffco is the only operator in the Avinger (Pettit) Field. The Lake Ferrell (Pettit, Upper) Field was discovered in August 1957 at an average depth of 7,333 feet. Special field rules for the LFPU were adopted in Special Order No. 6-38,725, effective June 30, 1958, as amended. There are two operators in the LFPU as shown on the previously referenced oil proration schedule. Buffco reported that a third operator was not yet shown on the proration schedule, and they were sent a supplemental certificate of notice.

The LFPU is currently under special field rules as follows: (1) correlative interval from 7,324 feet to 7,402 feet, as shown on the log of the Lake Ferrell Unit, Well No. 56 (API No. 42-315-30856); (2) lease-line spacing of 467 feet, between well spacing of 0 feet with take point provisions; (3) proration units of 160 acres with no maximum diagonal; and (4) the allowable for an individual oil well is determined by 75% acreage and 25% per well.

Buffco requests amending the current field rules for the Lake Ferrell (Pettit, Upper) Field so that the correlative interval is modified and designated as 7,400 feet to 7,545 feet, as shown on the log of the Mitchell Energy, Cartwright No. 8 Well (API No. 42-315-30864) in Marion County. The proposed reference log was selected because it is more recent and shows the entire section of the Pettit. A structural cross-section provided as evidence indicates that the proposed interval dips to the north-northwest, and is continuous across the area.¹ The subject fields captioned above are stratigraphically equivalent and fall within the proposed correlative interval, as shown on the cross section. Consolidation of the Avinger (Pettit) and Lake Ferrell, N. (Pettit) Fields into the Lake Ferrell (Pettit, Upper) Field will provide for a more efficient means of development.

Buffco also requests adding optional density units of 80 acres. Volumetric calculations were performed utilizing information from the Orr "A" # 1 (API No. 42-315-30317) and a nearby well, both in the Avinger (Pettit) Field.² Results indicate the drainage area is 81.2 acres. Based on the results, 80 acre optional units are appropriate.

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 and no protests were received.
2. The Avinger (Pettit) was discovered in October 1982 at a depth of 7,598 feet, and the Lake Ferrell, N. (Pettit) was discovered in April 1975 at a depth of 7,418 feet.

¹ Exhibit No. 6 – Cross Section

² Exhibit No. 11 – Volumetric Calculation

- a. Both fields are under Statewide Rules.
 - b. Buffco is the only operator in the Avinger (Pettit) Field, and there are no wells in the Lake Ferrell, N. (Pettit) Field.
3. The Lake Ferrell (Pettit, Upper) Field was discovered in August 1957 at an average depth of 7,333 feet.
- a. Special field rules for the LFPU were adopted in Special Order No. 6-38,725, effective June 30, 1958, as amended.
 - b. There are three operators in the LFPU.
 - c. The LFPU is currently under special field rules.
4. A structural cross-section indicates that the proposed correlative interval dips to the north-northwest; and is continuous across the area. The subject fields captioned above are stratigraphically equivalent and fall within the proposed correlative interval.
5. Results of a volumetric calculation indicate the drainage area in the Avinger (Pettit) Field is 81.2 acres.

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 consolidation and rule amendments will reduce waste and promote development of the Lake Ferrell (Pettit, Upper) Field.

RECOMMENDATION

Based on the above findings of fact and conclusions of law, the Examiners recommend the Avinger (Pettit) and Lake Ferrell, N. (Pettit) Fields be consolidated into the Lake Ferrell (Pettit, Upper) Field, and the field rules for the Lake Ferrell (Pettit, Upper) Field be amended as requested by Buffco Production Inc.

Respectfully submitted,



Peggy Laird, P.G.
Technical Examiner



Ryan M. Lammert
Administrative Law Judge