



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL AND GAS DOCKET NO. 06-0299255

THE APPLICATION OF INTERSTATE EXPLORATIONS, LLC TO AMEND THE FIELD RULES FOR THE EASTHAM STATE FARM (GLENROSE) FIELD, HOUSTON AND MADISON COUNTIES, TEXAS

HEARD BY: Brian Fancher, P.G. – Technical Examiner
Ryan Lammert – Administrative Law Judge

HEARING DATE: March 9, 2016
SUBMISSION DATE: August 26, 2016
CONFERENCE DATE: September 12, 2016

APPEARANCES:

REPRESENTING:

APPLICANT:

Dale Miller

Interstate Explorations, LLC

EXAMINERS' REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

The drilling, completion, and production of wells completed in the Eastham State Farm (Glenrose) Field (Field) is governed by Special Field Rules that provide as follows:¹

1. Correlative depths from 11,158 to 12,270 feet, as shown on a log for the Eastham State Farm Lease, Well No. 2, George Robbins Survey (A-74), Houston, Texas, defining the Field;
2. Lease line spacing of 660 feet; between-well spacing of 1,320 feet;
3. Gas proration units of 640 acres with 10% tolerance acreage for each standard proration unit and a maximum diagonal of 10,000 feet; optional gas proration units of 320-acres with a maximum diagonal of 6,000 feet;
4. Allocation for gas wells based on 100% acreage.

¹ IE Exh. No. 11 – Copy of O&G Final Order 06-0287734, effective August 12, 2014.

Interstate Explorations, LLC (IE) seeks to amend the existing special field rules for the Field, as follows:

1. No change;
2. 467' lease line spacing and 1,200 between-well spacing;
3. No change;
4. No change.

The application is unopposed, and the Examiners recommend that it be approved.

DISCUSSION OF THE EVIDENCE

Dale Miller, consulting petroleum engineer, testified on behalf of IE.

Notice of the subject application was sent by U.S. mail directed to the operators with wells of record in the Field, as well as various Commission staff, on January 5, 2016.²

At the time of the hearing, IE was not an operator with a well of record in the Field.³ The Commission's March 2016 Gas Proration Schedule indicates that the only operator with wells of record in the Field is SEM Operating Company, LLC (SEM). SEM operates roughly 43 gas wells in the Field. IE submitted an aerial map that provides the surface locations for all wells of record completed in the Field.⁴ That map also indicates IE's approximate acreage position in the Field. Furthermore, IE holds active drilling permits for wells that are permitted in the Field.

The Field was discovered in June 1983. On March 27, 1989, the Commission entered Oil & Gas Final Order 6-92,979 that established the Field's 640-acre gas proration unit size. The Field's governing field rules remained unchanged until August 12, 2014. On August 12th Commission also granted blanket down-hole commingling authority for wells completed in the Field (*i.e.* exceptions to Statewide Rule 10), along with several other fields in the Glen Rose, Buda, Georgetown, and Edwards Formations.⁵ IE evidenced that 57 wells completed in the Field have obtained an exception to Statewide Rule 10.⁶

IE submitted a table of similar fields to the Field that have similar or identical field rules to those sought in the subject application.⁷ Six of those analog fields are governed by field rules that provide for minimum lease line spacing of 467 feet and minimum between-well spacing of 1,200 feet.

IE intends to drill additional wells in the Field. Representatives of IE expect that its requested relief in the instant case will promote development of the field.

² See Notice of Hearing and Service List made for the captioned docket.

³ IE Exh. Nos. 2 and 3.

⁴ IE Exh. No. 1.

⁵ IE Exh. No. 4.

⁶ IE Exh. No. 5.

⁷ IE Exh. No. 6.

FINDINGS OF FACT

1. Interstate Explorations, LLC (IE) seeks to amend special field rules for the Eastham State Farm (Glenrose) Field (Field), Houston County, Texas (Subject Application).
2. Notice of the Subject Application was sent by U.S. mail directed to the operators with wells of record in the Field, as well as various Commission staff, on January 5, 2016.
3. The Field's existing special field rules provide as follows:
 - a. Correlative depths from 11,158 to 12,270 feet, as shown on a log for the Eastham State Farm Lease, Well No. 2, George Robbins Survey (A-74), Houston County, Texas, defining the Field;
 - b. Lease line spacing of 660 feet; between-well spacing of 1,320 feet;
 - c. Gas proration units of 640 acres with 10% tolerance acreage for each standard proration unit and a maximum diagonal of 10,000 feet; optional gas proration units of 320-acres with a maximum diagonal of 6,000 feet;
 - d. Allocation for gas wells based on 100% acreage.
4. In the Subject Application, IE seeks to amend the Field's existing special field rules as follows:
 - a. No change;
 - b. Minimum lease line spacing of 467 feet, and minimum between-well spacing of 1,200 feet.
5. The Field was discovered in June 1983.
6. Amending the Field's minimum well spacing requirements, as requested by IE in the Subject Application, is consistent with other nearby fields of similar depth.
7. Adopting the special field rules, as proposed by IE, in the Subject Application will promote development of the Field.

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. Legally sufficient notice has been provided to all affected persons.

3. Amending the special field rules for the Eastham State Farm (Glenrose) Field, as proposed by Interstate Explorations, LLC., will prevent waste and protect correlative rights.

EXAMINERS' RECOMMENDATION

Based on the above Findings of Fact and Conclusions of Law, the Examiners recommend that the special field rules for the Eastham State Farm (Glenrose) Field be amended, as proposed by IE.

Respectfully submitted,



Brian Fancher, P.G.
Technical Examiner



Ryan Lammert
Administrative Law Judge