

HEARINGS DIVISION

OIL AND GAS DOCKET NO. 7B-0298934

THE APPLICATION OF L.C.S. PRODUCTION COMPANY TO CONSOLIDATE THE FRANKIRK, EAST (CANYON SD) FIELD INTO THE GUEST (CANYON SAND) FIELD AND TO AMEND THE PERMANENT FIELD RULES FOR THE GUEST (CANYON SAND) FIELD, STONEWALL COUNTY, TEXAS

HEARD BY: Richard Eyster, P.G. - Technical Examiner
Ryan Lammert - Administrative Law Judge

HEARING DATE: January 28, 2016

CONFERENCE DATE: September 13, 2016

APPEARANCES: Dale Miller, P.E.
REPRESENTING: L. C. S. Production Company

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

L.C. S. Production Company (LCS) is requesting to Consolidate the Frankirk, East (Canyon SD) Field into the Guest (Canyon Sand) Field and to Amend Rules Nos. 2 and 3 of the Permanent Field Rules for the Guest (Canyon Sand) Field, Stonewall County, Texas.

Field rules for the Guest (Canyon Sand) Field were adopted on August 24, 2010 in Final Order No. 7B-0266127. The rules in effect for the field are summarized as follows:

1. Designation of the field as the correlative interval from 4,192 feet to 5,151 feet as shown on the log of the I. S. McMillin Ac. 5 Well No. 1;
2. 330'-600" well spacing;
3. 40 acre density with optional 20 acre density; and
4. allocation based on 75% acreage and 25% per well.

LCS requests that the field rules be amended as follows:

1. No Change;
2. 330'-0' well spacing;
3. 40 acre density with optional 20 acre density, no maximum diagonal limitations, and acreage assignment through Form P-16 with or without proration unit plats; and
4. No change.

This application was unopposed and the Technical Examiner and the Administrative Law Judge (collectively the Examiners) recommend that the field rules for the Guest (Canyon Sand) Field be amended as proposed by L. C. S. Production Company.

DISCUSSION OF THE EVIDENCE

The Guest (Canyon Sand) Field was discovered in 1951 at a depth of approximately 4,500 feet. The correlative interval is from 4,192 feet to 5,151 feet as shown on the log of the I S. McMillian Ac. 5 No. 1. This interval includes the entire Guest Canyon Field Canyon Cumulative production from the field is approximately 11.6 million barrels of oil and 7.2 billion cubic feet of gas. There have been 183 wells drilled and there are currently 34 producing oil wells in the field.

The Frankirk, East (Canyon SD) Field was discovered in 1960 at a depth of approximately 4,406 feet. Cumulative production from the field is approximately 2.04 million barrels of oil and 1.1 billion cubic feet of gas. There were 32 wells drilled in the field and there are currently 5 producing oil wells in the field.

LCS plans massive development in these fields and a large water flood operation to recover additional reserves from the fields. There are areas that LCS plans on developing where the two fields overlap and have different field rules so LCS is requesting 300'-0' well spacing and 40 acre oil units with optional 20 acre density in order to have greater flexibility in selecting future drilling locations and to ensure they are in compliance with commission rules.

FINDINGS OF FACT

1. Notice of this hearing was given to all persons entitled to notice at least ten days prior to the date of hearing.
2. The Guest (Canyon Sand) Field was discovered in 1951. Current Field rules for the Guest (Canyon Sand) Field provide for 330'-600' well spacing, 40

- acre density and allocation based on 75% acreage and 25% per well.
3. Cumulative production from the field is approximately 11.6 million barrels of oil and 7.2 billion cubic feet of casinghead gas.
 4. There have been 183 completions in the Guest (Canyon Sand) Field and there are currently 43 producing oil wells in the field.
 5. The Frankirk, East (Canyon SD) Field was discovered in 1960. Current Field rules for the Field provide for 467'-933' well spacing, 40 acre density and allocation based on 75% acreage and 25% per well.
 6. Consolidation of the Frankirk, East (Canyon SD) Field into the Guest (Canyon Sand) Field will allow the development necessary to maximize ultimate recovery from the field.
 7. 330'-0' well spacing; no maximum diagonal limitation and the filing of Form P-15 will allow flexibility in drilling and/or re completing additional infill producing wells at optimum locations.

CONCLUSIONS OF LAW

1. Proper notice of this hearing was given to all persons legally entitled to notice.
2. All things have occurred or been accomplished to give the Railroad Commission jurisdiction in this matter.
3. Consolidating the Frankirk, East (Canyon SD) Field into the Guest (Canyon Sand) Field and to Amend Rules Nos. 2 and 3 of the Permanent Field Rules for the Guest (Canyon Sand) Field, Stonewall County, Texas is necessary to prevent waste and protect correlative rights.

EXAMINER'S RECOMMENDATION

Based on the above findings and conclusions, the Examiners recommend that the Frankirk, East (Canyon SD) Field into the Guest (Canyon Sand) Field be consolidated and Rules Nos. 2 and 3 of the Permanent Field Rules be amended as proposed by L.C.S. Production Company.

Respectfully submitted,


Richard Eyster, P.G.
Technical Examiner


Ryan Lammert
Administrative Law Judge