



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL AND GAS DOCKET NO. 03-0299130

THE APPLICATION OF SANTA ROSA OPERATING, LLC FOR PERMANENT FIELD RULES IN THE BB (COCKFIELD) FIELD, GRIMES COUNTY, TEXAS

HEARD BY: Richard Eyster, P.G. – Technical Examiner
Marshall F. Enquist – Administrative Law Judge

HEARING DATE: February 19, 2016

CONFERENCE DATE:

APPEARANCES: **REPRESENTING:**

APPLICANT:

Dale E. Miller

Santa Rosa Operating, LLC

EXAMINERS' REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

The BB (Cockfield) Field currently operates under Statewide Field Rules. Santa Rosa Operating, LLC ("Santa Rosa") requests that Permanent Field Rules be adopted, as shown below:

1. Designated Correlative Interval from 2,870' to 2,895' as shown on a portion of the Platform Express – BHC Sonic, Array Induction, Compensated Neutron, 3 Detector Litho Density, GR, SP, DT log of the BNP Petroleum Corporation, Walkoviak Lease Well No. 1, API No. 42-185-30732 in the M. Evans Survey A-191, Grimes County, Texas;
2. 150'-300' well spacing;
3. 40 acre base oil units with optional 10 acre units, 10 acre tolerance provision for the last well on the lease, the filing of Form P-15 to designate the number of

acres to be assigned to individual wells with a plat of the entire lease, no requirement to file individual well proration unit plats and no maximum diagonal limitation, provided however that an operator may file individual proration plats if he so desires;

4. Allocation based on 100% acres with top oil allowable based on the 1965 Yardstick Allowable.

Notice of the application was sent to all operators with wells in the application. The application is not protested. The Technical Examiner and the Administrative Law Judge (collectively the Examiners) recommend that Permanent Field Rules be adopted for the BB (Cockfield) Field, as proposed by Santa Rosa.

DISCUSSION OF THE EVIDENCE

The BB (Cockfield) Field was approved as a new oil field discovery on July 31, 2015. The Oil field was actually discovered by the Walkoviak Well No. 1 (API No. 42-185-30732) on January 8, 2011 at a depth of 2,885 feet by virtue of the approval of a field transfer/new field designation application from the Bevans Ranch (2200) Field, filed by Santa Rosa Operating, LLC to properly designate the well in the correct field. Santa Rosa was cleaning up a problem caused by the initial operator of the well, Drill Partners Management, LLC.

Santa Rosa is the only operator in the field and the field operates under Statewide Field Rules. The cumulative production from the field through January 2016 is 127,159 BO and 620,963 MCFG. The gas production includes the initial Gas well production and associated Condensate from the Walkoviak Well No. 1 beginning in January 2009 when it was originally classified as a Gas Well in the Bevans Ranch (2200) Field by Drill Partners Management, LLC.

Santa Rosa has completed a total of six oil wells in this field. The discovery well, being the Walkoviak #1, was plugged and abandoned on January 14, 2016 and the Rulemaker Unit #1 was plugged back to a different Yegua reservoir.

Santa Rosa is currently developing the field with vertical wells and requests that Field Rules be adopted to promote the efficient and effective drilling and development of the remaining hydrocarbons. Santa Rosa proposes 150'-300' well spacing and 40 acre oil proration units with optional 10 acre units. From log analysis, Santa Rosa estimated an average porosity of 28.2%, an average water saturation of 61.6%, an average net pay thickness of 12.75 feet, a formation volume factor of 2.05 RBL/STB and a recovery factor of 35% for the field. The primary drive mechanisms are a combination of a strong solution gas drive and strong gas cap expansion.

Santa Rosa provided drainage area calculations on four wells from the field and the drainage area varies from a high of 37.2 to a low of 0.1 acres. The other two wells

for which calculations were provided drained 20.9 acres and 8.2 acres. Based upon the drainage area calculations, Santa Rosa has proven that the requested Field Rules are appropriate for the orderly drilling, completion and operation of wells in the field and that they will prevent waste and protect correlative rights.

Santa Rosa also requests allocation for the field be based on 100% acres with the top oil allowable to be based on the 1965 Yardstick allowable upon expiration of the discovery allowable at the end of July 2017.

EXAMINERS RECOMMENDATION

The Examiners recommend Permanent Field Rules be adopted as proposed by Santa Rosa Operating, LLC.

FINDINGS OF FACT

1. Notice of this hearing was provided to all persons entitled to notice at least ten (10) days prior to the date of the hearing and no protests were received.
2. The BB (Cockfield) Oil Field was officially discovered in January 2011 at a depth of 2,885 feet from a field transfer application that was approved in July 2015.
 - a. The field is classified as an oil field and a total of six oil wells have historically been completed in the field.
 - b. Santa Rosa Operating, LLC ("Santa Rosa") is the only operator in the field and the field currently operates under Statewide Field Rules.
 - c. The BB (Cockfield) Field is actively being developed with vertical wells.
3. The current designated correlative interval is from 2,870' to 2,895' as shown on a portion of the Platform Express – BHC Sonic, Array Induction, Compensated Neutron, 3 Detector Litho Density, GR, SP, DT log of the BNP Petroleum Corporation, Walkoviak Lease Well No. 1, API No. 42-185-30732 in the M. Evans Survey A-191, Grimes County, Texas.
4. Field Rules for the BB (Cockfield) Field that provide for 150'-300' well spacing and 40 acres oil units with optional 10 acres density are appropriate for the field.
 - a. Drilling infill wells will provide for the efficient and effective development of the remaining hydrocarbons in the field.

- b. From log analysis, Santa Rosa estimated an average porosity of 28.2%, an average water saturation of 61.6%, an average net pay thickness of 12.75 feet, a formation volume factor of 2.05 RBL/STB and a recovery factor of 35% for the field.
 - c. The primary drive mechanism is a combination of a strong solution gas drive and gas cap expansion drive.
 - d. Santa Rosa provided a drainage area calculation on four wells and the drainage area varies from 37 to 0.1 acres.
5. Oil allocation based on 100% acres is a reasonable formula which will satisfy state statutes and protect correlative rights of mineral owners in the field.

CONCLUSIONS OF LAW

1. Proper notice was issued as applicable in all regulatory statutes and codes.
2. All things have occurred and been accomplished to give the Commission jurisdiction in this matter
3. Adopting Field Rules for the BB (Cockfield) Field is necessary to prevent waste

EXAMINERS' RECOMMENDATION

Based on the above findings of facts and conclusions of law, the examiners recommend that the Commission adopt Permanent Field Rules for the BB (Cockfield) Field, as proposed by Santa Rosa Operating, LLC.

Respectfully submitted,



Richard Eyster, P.G.
Technical Examiner



Marshall Enquist
Administrative Law Judge