



## RAILROAD COMMISSION OF TEXAS

### HEARINGS DIVISION

**OIL AND GAS DOCKET NO. 05-0298739**

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**THE APPLICATION OF VALENCE OPERATING COMPANY TO AMEND FIELD  
RULE NO. 2 FOR THE FOR FARRAR (COTTON VALLEY LIME) FIELD,  
LIMESTONE COUNTY, TEXAS**

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**HEARD BY:** Richard Eyster, P.G. – Technical Examiner  
Ryan Larson – Administrative Law Judge

**REVIEWED BY:** Ryan Lammert – Administrative Law Judge

**HEARING DATE:** December 16, 2015

**CONFERENCE DATE:** November 15, 2016

**APPEARANCES:**

**REPRESENTING:**

Andres Trevino

Valence Operating Company

### EXAMINER'S REPORT AND RECOMMENDATION

#### STATEMENT OF THE CASE

Valence Operating Company ("Valence"), is requesting to amend Field Rule No. 2 for the for the Farrar (Cotton Valley Lime) Field, Limestone County, Texas. The application was unopposed and the Technical Examiner and the Administrative Law Judge (collectively the "Examiners") recommend that Field Rule No. 2 be amended for the Farrar (Cotton Valley Lime) Field , as proposed by Valence.

The current field rules for the Farrar (Cotton Valley Lime) Field were adopted in Final Order No. 05-0267835, effective 11/30/2010, as amended. The current field rules in effect for the field is summarized as follows:

1. Designation of the field as the correlative interval from 10,200 feet to 13,488 feet as shown on the log of the Hurd Producing Standley No. 2 Well, Manual C. Rejon Survey, Limestone County, Texas;

2. 330'-0 well spacing for all wells, 50' box rule, take point language, NPZs, and off lease penetration;
3. 40 acre gas units with optional 20 acre density;
4. Allocation formula is suspended;
5. Stacked lateral rule.

Valence Operating Company ("Valence") requests that Field Rule No. 2 be amended to provide for 200 foot First and last take points.

The application was unopposed and the Examiners recommends that Field Rule No. 2 be amended for the Farrar (Cotton Valley Lime) Field , as proposed by Valence.

### **DISCUSSION OF EVIDENCE**

The Farrar (Cotton Valley Lime) Field is a tight, non-associated gas field which was formed in 2001 with the consolidation of various fields. There are approximately 457 wells on the current proration schedule. Production from the field is approximately 627 BCF of gas and 351,000 barrels of condensate.

Valence is proposing to drill additional horizontal wells and requests the current field rules be amended in order to promote the efficient and effective development of the remaining hydrocarbons. The Field is a tight gas field that has been developed with vertical and limited horizontal wells. Currently the Field allows for horizontal wells development but does not allow for dual lease line spacing. Granting the 200 foot first and last take point rule would allow 260 additional feet of reservoir contact per lateral. Valence contends that having a 200 foot first and last take point provision would allow an additional 5.8% of reserves or approximately 175 million cubic feet per well will be recovered. Valence's proposed field rule amendments are consistent with those for other Cotton Valley Formation fields in the area.

Adoption of the proposed field rule amendment will facilitate the orderly development of the field, reduce waste and protect correlative rights. The Examiners recommend approval of the proposed rule amendments.

### **FINDINGS OF FACT**

1. Notice of this hearing was given to all persons entitled to notice and no protests were received.
2. The Farrar (Cotton Valley Lime) Field is a non-associated gas field which was formed in 2001 with the consolidation of various fields.

- a. The Field has a correlative interval from 10,200 feet to 13,488 feet as shown on the log of the Hurd Producing Standley No. 2 Well, Manual C. Rejon Survey, Limestone County, Texas
  - b. The field is designated as non-associated with 457 producing gas wells carried on the proration schedule.
  - c. The field currently operates under Field Rules that provide for a designated interval, 330'-0. well spacing for all wells, and 40 acre gas units with optional 20 acre density.
  - d. The allocation formula is currently suspended.
3. There are currently 457 gas wells in the field.
  4. Cumulative production is about 627 Bcf of gas.
  5. The Farrar (Cotton Valley Lime) Field is actively being developed with horizontal drainhole wells.
  6. Valence's proposed field rule amendments are consistent with those for other Cotton Valley Formation fields in the area.
  7. The amended Field Rules will provide consistency in developing the field and will allow greater flexibility in selecting future drilling locations.
  8. Continued suspension of the allocation formula is appropriate, as there is a 100% market demand for all of the gas produced from 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. All notice requirements have been satisfied. 16 Tex. Admin. Code § 1.45
3. The proposed field rules will prevent waste and promote the orderly development of the Farrar (Cotton Valley Lime) Field .

**EXAMINERS' RECOMMENDATION**

Based on the above findings of fact and conclusions of law, the Examiners recommend that the Commission adopt the field rule proposed by Valence Operating Company for the Farrar (Cotton Valley Lime) Field.

Respectfully submitted,



Richard Eyster, P.G.  
Technical Examiner



Ryan Lammert  
Administrative Law Judge