



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL AND GAS DOCKET NO. 05-0298735

THE APPLICATION OF VALENCE OPERATING COMPANY TO AMEND FIELD RULES FOR THE FOR THE FREESTONE (CV-BOSSIER CONS.) FIELD, FREESTONE COUNTY, TEXAS

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 is requesting to amend Field Rule No. 2 and amend Field Rule No. 3 to add the filing of P-15 with associate acreage for the Freestone (CV-Bossier Cons.) Field, Freestone County, Texas.

Field Rules for the Freestone (CV-Bossier Cons.) Field were originally adopted in Final Order No. 05-0272194, effective September 11, 2011, as amended. T Field Rules No. 2 and No. 3 currently in effect for the field is summarized as follows:

2. 467-600' well spacing for all wells,
3. Operators shall file with the Commission certified plats.

Valence Operating Company ("Valence") requests that Field Rule No. 2 be

amended to change the 467'/600' well spacing to 330'/600' well spacing, for all wells, zero feet between well spacing, add take point language with NPZs, add a 50 ft. box rule, and provide for 200 ft. first and last take points, and Field Rule No. 3 be amended to allow the filing of form P-15 and operators may, however, file such proration unit plats for individual wells in the field if they so choose.

The application was unopposed and the Administrative Law Judge and the Technical Examiner (collectively the Examiners) recommend that Field Rule No. 2 be amended for the Field Rules for the Freestone (CV-Bossier Cons.) Field, as proposed by Valence Operating Company ("Valence").

DISCUSSION OF EVIDENCE

The Freestone (CV- Bossier Consolidated) Field is a tight, non-associated gas field which was formed in 2006 with the consolidation of various fields. There are approximately 872 wells on the current proration schedule. Cumulative production from the field is approximately 1.1 trillion cubic feet of gas and 383,000 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 534 additional feet of reservoir contact per lateral. Valence contends that having a 200 foot first and last take point provision would allow an additional reserves of approximately 427 MCF of gas per well to 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 Freestone (CV- Bossier Consolidated) Field is a non-associated gas field which was formed in 2006 with the consolidation of various fields
 - a. The field is designated as non-associated with 872 producing gas wells carried on the proration schedule.
 - b. The field currently operates under Field Rules that provide for

a designated interval, 467-600 ft. zero well spacing for all wells, and 320 acre gas units with optional 20 acre density.

- c. The allocation formula is currently suspended. .
3. There are currently 872 gas wells in the field.
 4. Cumulative production is about 1.1 trillion cubic feet of gas.
 5. The Freestone (CV- Bossier Consolidated) Field is actively being developed with horizontal drainhole wells.
 6. Valence's proposed field rule amendment is consistent with those for other Cotton Valley Formation fields in the area.
 7. The amended field rule 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 Freestone (CV-Consolidated) Field.

EXAMINERS' RECOMMENDATION

Based on the above findings of fact and conclusions of law, the Examiners recommend that the Commission amend Field Rules No. 2, and No. 3, as proposed by Valence Operating Company for the Freestone (CV- Bossier Consolidated) Field.

Respectfully submitted,


Richard Eyster, P.G.
Technical Examiner


Ryan Lammert
Administrative Law Judge