



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL & GAS DOCKET NO. 10-0306413

THE APPLICATION OF MEWBOURNE OIL COMPANY TO CONSOLIDATE THE PAN PETRO (MARMATON) FIELD INTO THE ALLEN-PARKER (MARMATON) FIELD, HANSFORD, HEMPHILL, LIPSCOMB, OCHILTREE, AND ROBERTS COUNTIES, TEXAS.

HEARD BY: Peggy Laird, P.G. – Technical Examiner
Jennifer Cook – Administrative Law Judge

HEARING DATE: October 18, 2017

CONFERENCE DATE: December 5, 2017

APPEARANCES:

APPLICANT:

James M. Clark, P.E.

REPRESENTING:

Mewbourne Oil Company

EXAMINERS' REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Mewbourne Oil Company ("Mewbourne") requests to consolidate the Pan Petro (Marmaton) Field into the Allen-Parker (Marmaton) Field in Hansford, Hemphill, Lipscomb, Ochiltree, and Roberts Counties, Texas. All operators in the subject fields were notified. There were no objections filed, and no protestants appeared at the hearing. The Administrative Law Judge and the Technical Examiner (collectively, "Examiners") recommend approval of the field consolidation.

DISCUSSION OF THE EVIDENCE

The Pan Petro (Marmaton) Field was discovered in 2012 at a depth of 8,112 feet. Temporary field rules were established for the field on November 20, 2012 (Docket No. 10-0277891). These rules provide for a correlative interval from 8,112 to 8,952 feet, 467 feet lease line spacing, 933 feet between well spacing, 160-acre proration units, and a two-factor proration allocation formula of 95% acreage and 5% per well. The rules also have contemporary provisions for horizontal wells including 100 feet / 467 feet dual lease line spacing, no between well spacing restrictions for horizontal wells, take point language, off-lease penetration points, no perforations zones, a box tolerance rule, acreage assignment to horizontal wells based on lateral length x 0.22 + 160 acres,

and stacked laterals. There are twelve active gas wells and 29 active oil wells carried on the current proration schedule. Since 2012 the Pan Petro (Marmaton) Field has produced approximately 1.6 million barrels ("MMB") of hydrocarbon liquids and approximately 10.5 billion cubic feet ("BCF") of gas.

The Allen-Parker (Marmaton) Field was discovered in 1967 at a depth of 6,980 feet. Permanent field rules have been amended several times, with the current rules established for the field on April 22, 2014 (Docket No. 10-0287229). These rules provide for a correlative interval from 6,743 to 7,377 feet, 330 feet lease line spacing, 660 feet between well spacing, 160-acre proration units, and 1965 Yardstick allowables. The rules also have contemporary provisions for horizontal wells including 100 feet / 330 feet dual lease line spacing, take point language, off-lease penetration points, no perforations zones, a box tolerance rule, and acreage assignment to horizontal wells based on lateral length x 0.22 + 160 acres. There are 133 active oil wells and one active gas well on the current proration schedule. The field has produced approximately 16 BCF of gas and approximately 8.5 MMB of hydrocarbon liquids.

Geologically, both fields produce from the Marmaton Formation that is correlative across the combined area. Both fields are defined with correlative intervals that are the entire Marmaton Formation. The Pan Petro (Marmaton) Field has grown geographically so that it has merged into the area of the Allen-Parker (Marmaton) Field.

Mewbourne believes that consolidation of the fields will allow for efficient development and prevent waste. The Examiners recommend that the Pan Petro (Marmaton) Field be consolidated into the Allen-Parker (Marmaton) Field.

FINDINGS OF FACT

1. Notice of this hearing was given to all parties entitled to notice at least ten days prior to the date of the hearing.
2. The hearing was not protested.
3. The Pan Petro (Marmaton) Field was discovered in 2012 at a depth of 8,112 feet.
 - a. Temporary field rules were established for the field on November 20, 2012 (Docket No. 10-0277891), and include contemporary provisions for horizontal wells.
 - b. There are twelve active gas wells and 29 active oil wells carried on the current proration schedule.
 - c. Since 2012 the Pan Petro (Marmaton) Field has produced approximately 1.6 MMB of hydrocarbon liquids and approximately 10.5 BCF gas.
4. The Allen-Parker (Marmaton) Field was discovered in 1967 at a depth of 6,980 feet.

- a. The current permanent rules were established for the field on April 22, 2014 (Docket No. 10-0287229), and include contemporary provisions for horizontal wells.
 - b. There are 133 active oil wells and one active gas well on the current proration schedule.
 - c. Since 1967, the field has produced approximately 16 BCF of gas and approximately 8.5 MMB of hydrocarbon liquids.
5. Geologically, the fields produce from the Marmaton Formation that is correlative across the combined area. Both fields are defined with correlative intervals that are the entire Marmaton Formation.
 6. The Pan Petro (Marmaton) Field has grown geographically so that it has merged into the area of the Allen-Parker (Marmaton) Field.
 7. At the hearing, the applicant agreed on the record that the Final Order in this case is to be effective when the Master Order is signed.


CONCLUSIONS OF LAW

1. All things have occurred and been accomplished to give the Commission jurisdiction in this matter. Tex. Nat. Res. Code § 81.051.
2. All notice requirements have been satisfied. 16 Tex. Admin. Code § 1.42.
3. Consolidation of the fields as proposed by Mewbourne will prevent waste and promote the orderly development of the field.
4. Pursuant to §2001.144(a)(4)(A), of the Texas Government Code, and the agreement of the applicant, the Final Order is effective when a Master Order relating to the Final Order is signed on December 5, 2017.

EXAMINERS' RECOMMENDATION

Based on the above findings of fact and conclusions of law, the Examiners recommend that the Pan Petro (Marmaton) Field be consolidated into the Allen-Parker (Marmaton) Field and that drilling permits not be required for the transfer of wells as a result of the consolidation.

Respectfully submitted,


Peggy Laird, P.G.
Technical Examiner


Jennifer Cook
Administrative Law Judge