



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL AND GAS DOCKET NO. 7B-0284969

THE APPLICATION OF TAMARACK PETROLEUM COMPANY, INC. FOR BLANKET AUTHORITY FOR EXCEPTION TO STATEWIDE RULE 10 FOR THE ORAN (MARBLE FALLS) AND NEWARK, EAST (BARNETT SHALE) FIELDS, PALO PINTO COUNTY, TEXAS

HEARD BY: Richard D. Atkins, P.E. - Technical Examiner
Laura Miles-Valdez - Legal Examiner

DATE OF HEARING: November 20, 2013

APPEARANCES: REPRESENTING:

APPLICANT:

Dale E. Miller

Tamarack Petroleum Company, Inc.

EXAMINERS' REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Tamarack Petroleum Company, Inc. ("Tamarack") requests that the Commission approve blanket authority for exception to Statewide Rule 10 for all wells in the Oran (Marble Falls), ID No. 67477 400, and Newark, East (Barnett Shale), ID No. 65280 200, Fields, Palo Pinto County, Texas.

The application is unopposed and the examiners recommend approval of the requested blanket authority for exception to Statewide Rule 10, as requested by Tamarack.

DISCUSSION OF THE EVIDENCE

The Oran (Marble Falls) Field was discovered in June 1979 at an average depth of 4,800 feet. There are 11 producing oil wells, no producing gas wells and five operators carried on the proration schedules. The field operates under Field Rules that provide for 330'-933' well spacing and 20 acre density. Cumulative production from the field through August 2013 is 152.0 MBO and 1.7 BCFG.



The Newark, East (Barnett Shale) Field was discovered in October 1981 at an average depth of 7,200 feet. In Palo Pinto County, there are approximately 50 producing oil wells, 100 producing gas wells and 30 operators carried on the proration schedules. The field operates under Field Rules that provide for 330'-0' well spacing, 320 acre gas units and 40 acre oil units with optional 20 acre oil and gas well density. Cumulative production from the field in Palo Pinto County through August 2013 is 1.5 MMBO and 42.9 BCFG.

The base of the Marble Falls formation is also the top of the Barnett Shale formation. Tamarack is completing wells in the Marble Falls formation and the top 50 feet of the Barnett Shale formation, which is also marginally productive. Tamarack calculated reserves for the Marble Falls formation to be 450 MMCFG and 45.0 MBO and reserves for the Barnett Shale formation to be 84 MMCFG and 2.5 MBO. Since the Newark, East (Barnett Shale) Field has limited permeability and requires hydraulic fracturing to produce, a stand alone completion in the field is uneconomic in most cases.

Tamarack has already applied for and received four Statewide Rule 10 exceptions, which have been administratively approved by the Commission for the two subject fields. As a result of commingling the two subject fields, Tamarack calculated incremental reserves of approximately 5.5 MBO and 27.3 MMCFG per well that will be produced due to the lower combined economic limit. No scaling or compatibility problems have been identified in the previously approved Statewide Rule 10 exception wells. Since approximately 90% of the reserves in a well are attributed to the Marble Falls formation, Tamarack requests that wells which are downhole commingled in the two subject fields be assigned to the Oran (Marble Falls) Field for proration purposes.

FINDINGS OF FACT

1. Notice of this application and 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 Oran (Marble Falls) Field was discovered in June 1979 at an average depth of 4,800 feet.
 - a. There are 11 producing oil wells, no producing gas wells and five operators carried on the proration schedules.
 - b. The field operates under Field Rules that provide for 330'-933' well spacing and 20 acre density.
3. The Newark, East (Barnett Shale) Field was discovered in October 1981 at an average depth of 7,200 feet.

- a. In Palo Pinto County, there are approximately 50 producing oil wells, 100 producing gas wells and 30 operators carried on the proration schedules.
 - b. The field operates under Field Rules that provide for 330'-0' well spacing, 320 acre gas units and 40 acre oil units with optional 20 acre oil and gas well density.
4. Calculated reserves for the Marble Falls formation are 450 MMCFG and 45.0 MBO and reserves for the Barnett Shale formation are 84 MMCFG and 2.5 MBO.
 5. Since the Newark, East (Barnett Shale) Field has limited permeability and requires hydraulic fracturing to produce, a stand alone completion in the field is uneconomic in most cases.
 6. Approval of a blanket Statewide Rule 10 exception for all wells in the Oran (Marble Falls) and Newark, East (Barnett Shale) Fields is appropriate.
 - a. Tamarack Petroleum Company, Inc. ("Tamarack") has already applied for and received four Statewide Rule 10 exceptions, which have been administratively approved by the Commission for the two subject fields.
 - b. As a result of commingling the two subject fields, Tamarack calculated incremental reserves of approximately 5.5 MBO and 27.3 MMCFG per well that will be produced due to the lower combined economic limit.
 - c. No scaling or compatibility problems have been identified in the previously approved Statewide Rule 10 exception wells.
 7. Since approximately 90% of the reserves in a well are attributed to the Marble Falls formation, wells which are downhole commingled in the two subject fields should be assigned to the Oran (Marble Falls) Field for proration purposes.

CONCLUSIONS OF LAW

1. Proper notice was issued as required by all applicable codes and regulatory statutes.
2. All things have occurred and been accomplished to give the Commission jurisdiction in this matter.

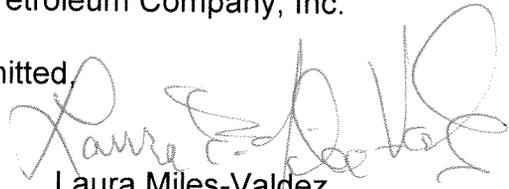
3. Approval of the requested blanket authority for exception to Statewide Rule 10 for all wells in the Oran (Marble Falls) and Newark, East (Barnett Shale) Fields, Palo Pinto County, Texas, will prevent waste and will not harm correlative rights.

EXAMINERS' RECOMMENDATION

Based on the above findings of fact and conclusions of law, the examiners recommend that the Commission approve blanket authority for exception to Statewide Rule 10 for all wells in the Oran (Marble Falls) and Newark, East (Barnett Shale) Fields, Palo Pinto County, Texas, as requested by Tamarack Petroleum Company, Inc.

Respectfully submitted,


Richard D. Atkins, P.E.
Technical Examiner


Laura Miles-Valdez
Legal Examiner