



Field Transfers

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- Historically, field transfers were rare and discouraged.
 - Used when it was determined that a well had been placed in an incorrect field
- Recently, field transfers have been used as a vehicle to bring wells into compliance with Statewide Rule 40.



- Reviewers look to see if Field Transfer requests bring some degree of order to the well's current situation.
 - Is a field transfer necessary for this situation?



- Transferring a well to a different, desired field should make sense **geographically** and **geologically**.
- To that extent, some additional information may be necessary.

Horizontal Field Transfers



- A field transfer may **alter** the maximum acreage allowed.

Comment
EDL=13800 feet, max acres=704, PHANTOM (WOLFCAMP) oil or gas well take points: 9086-22890 feet

Comment
EDL=13800 feet, max acres=840, PARKS (CONSOLIDATED) oil well take points: 9086-22890 feet

Harmonizing Lease Production



** OIL AND GAS DIVISION **
WELL BORE OIL LEASE INQUIRY

DIST: 08 LEASE:
LEASE NAME:
FIELD NAME: SPRABERRY (TREND AREA) FIELD #: 85280300
OPERATOR NAME: OPERATOR #:

WELL #	WELL #	WELL #	WELL #	WELL #	WELL #
█ 0052LS	- 4241H				
- 0053LS	- 4243H				
- 0061LS	- 4244H				
- 0062LS					
- 0063LS					
- 4221H					
- 4222H					
- 4224H					
- 4231H					
- 4234H					

Statewide Rule 40 (1 of 2)



- Statewide Rule 40: “Assignment of Acreage to Pooled Development and Proration Units”
- Relevant clause is §3.40(d)
 - “Multiple assignment of acreage is **not permitted**... Multiple assignment of acreage is defined as the assignment of the same surface acreage to more than one well in a field.”

Statewide Rule 40 (2 of 2)



- It is also considered a violation of Statewide Rule 40 if the same acreage is assigned to more than one well in fields with the same or overlapping correlative intervals.



- §3.40(d) cont.
 - “However, this limitation shall not prevent the reformation of development or proration units so long as:
 - (1) no multiple assignment of acreage occurs; and
 - (2) such reformation does not violate other conservation regulations.”



- §3.40(e): Unconventional fracture treated (UFT) fields
- Multiple assignment of acreage is permissible as follows:
 - “Assignment of acreage to both a horizontal well and a vertical well for drilling and development or for allocation of allowable is permissible.”



- §3.40(e) cont.
 - “Where ownership of the right to drill or produce from a tract in a UFT field is **divided horizontally**, acreage may be assigned to more than one well provided that the wells having the same wellbore profile are not completed in the same ownership interval.”

What Constitutes a Field Transfer (1 of 4)



- **Question:** “How do we change the field name for this well from Field A to Field B?”
- **Answer:** First we look at two things:
 1. Is the well **on schedule** in Field A?
 2. Are the current perms different from the perms that were originally associated with Field A?

What Constitutes a Field Transfer (2 of 4)



- If the well is **not** on the proration schedule in Field A:
- Then:
 - Amend the existing drilling permit (Form W-1) to add Field B. Mark “amended” as purpose of filing on the Form W-1.
 - Change the field name on the completion report to Field B.

What Constitutes a Field Transfer (3 of 4)



- If the well **is** on the proration schedule in Field A *and* the current perfs **are different**:
- Then:
 - File a drilling permit (Form W-1) for Field B. Mark “recompletion” as the purpose of filing on Form W-1.
 - File a new completion report for Field B.

What Constitutes a Field Transfer (4 of 4)



- If the well **is** on the proration schedule in Field A and the current perms are **not different**:
- Then a field transfer request is needed. Submit the field transfer request to the engineering unit.



- Letter of request
 - Why the field requested is more appropriate than the permitted field.
 - You may request to transfer more than one well on a single letter application.



- Transferring a well to a different, desired field should make sense **geographically** and **geologically**.



- Area Map must:
 - Have well locations and field names for each well.
 - Demonstrate why requested field is *geographically* appropriate.
- Cross-section – *may be needed*
 - Ties subject well to other wells in the area.
 - Demonstrate why field is *geologically* appropriate.

Field Transfer Review Process



- Engineering unit staff will review the request and provide information for appropriateness.
- Upon approval, the requesting party will be sent an approval letter.

Field Transfer Approval Letter



RAILROAD COMMISSION OF TEXAS OIL AND GAS DIVISION

June 24, 2019

JMH PRODUCTION, LLC
ATTN: REGULATORY DEPARTMENT
PO BOX 1288
ARCHER CITY TX 76351

RE: HAMILTON, G. B., /DEEP/ — WELL NO. 1
YOUNG COUNTY, DISTRICT 09, TEXAS
API NO. 503-00455
LEASE/ID NO. 07127
PRODUCING INTERVAL: 4572-4592

Dear Operator:

The Commission has approved your request to transfer the above-referenced well from the YOUNG COUNTY REGULAR (99480001) field to the JEAN, NW. (CADDO) (46009 333) field.

Please file Forms G-1/W-2, P-4, and W-1 (if not already done) for the well with the new field name indicating the transfer comments in the remarks section. If the previous completion report associated with lease/ID no. 07127 showed perforations, mark "field transfer" in item #6 of the Form W-1. If this completion report did not show perforations, mark "recompletion" instead. Contact the district 09 proration analyst, if you have any questions or to determine if a Form P-15 with plat is required.

Please note: If this well has a Rule 10 exception for the current field, it will be necessary to obtain a new Rule 10 exception letter for this well for the JEAN, NW. (CADDO) (46009 333) field.

Sincerely,

A handwritten signature in blue ink, appearing to read "Tim Speer".

Tim Speer, P.E.
Engineering Unit
Technical Permitting

CONTACT US



For Technical Questions related to Field Transfers, contact the Engineering Unit :

512-463-1126

For Questions related to Completion filings for Field Transfers, contact the Proration Unit :

512-463-6975