



# RAILROAD COMMISSION OF TEXAS

## HEARINGS DIVISION

**OIL AND GAS DOCKET NO. 03-0282143**

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**THE APPLICATION OF CENTURY EXPLORATION HOUSTON, LLC TO CONSIDER A NEW FIELD DESIGNATION AND TO ADOPT FIELD RULES FOR THE PROPOSED VAN METER (LWR YEGUA 8900) FIELD, HARDIN COUNTY, TEXAS**

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**HEARD BY:** Andres Trevino, P.E. - Technical Examiner  
Terry Johnson - Legal Examiner

**REPORT PREPARED BY:** Paul Dubois – Technical Examiner

**HEARING DATE:** May 28, 2013

**APPEARANCES:**

**REPRESENTING:**

**APPLICANT:**

Rick Johnston

Century Exploration Houston, LLC

### EXAMINERS' REPORT AND RECOMMENDATION

#### STATEMENT OF THE CASE

Century Exploration Houston, LLC (Century) requests that a new field designation called the Van Meter (LWR Yegua 8900) Field, ID No. 93133 200, be approved for its Jacques Lease, Well No. 1 in Hardin County, Texas. Century proposes that the following Field Rules be adopted for the new field:

1. Designation of the field as the correlative interval from 8,890 feet to 9,320 feet as shown on the well log of the Jacques Lease, Well No. 1 (API No. 42-199-33317), Montgomery, D C Survey, A-39, Hardin County, Texas;
2. Two-factor allocation formula based on 95% deliverability and 5% per well.

The application is not protested and the examiners recommend approval of the new field designation and adoption of Field Rules for the Van Meter (LWR Yegua 8900) Field, as proposed by Century.

### DISCUSSION OF THE EVIDENCE

Century completed its Jacques Lease, Well No. 1, in November 2011, with perforations in the Yegua formation from 8,942 feet to 8,961 feet. On initial test, the well produced flowing at a maximum rate of 5.181 MMCFGPD and 674 BOPD with a gas-oil ratio of 7,690 cubic feet per barrel and a bottom hole pressure of 4,528 psi. The well was assigned to the Van Meter, East (Cook Mountain) Field. On March 12, 2012, Century added perforations from 8,891 to 8,914 feet.

Century determined that the original field placement for the well was incorrect. Two existing wells in the Van Meter, East (Cook Mountain) Field are located more than 2.5 miles to the east in Jasper County and produce from much deeper intervals (from about 9,700 to 11,500 feet). Twenty-five other wells are located within 2.5 miles of the discovery well, but none of these wells exhibits production comparable to the Jacques No. 1.

A new field designation should be approved for the Jacques Lease, Well No. 1. Century requests that the field be defined as the correlative interval from 8,890 feet to 9,320 feet as shown on the well log of the Jacques Lease, Well No. 1 (API No. 42-199-33317), Montgomery, D C Survey, A-39, Hardin County, Texas. Century has since completed the BP America A-39 #3 well (API 42-199-33415), located about one mile northeast of the Jacques No. 1, from 9,317 to 9,329 feet (TVD). Century plans to assign the A-39 No. 3 the new field, also.

Century proposes that the field remain on Statewide Rules for spacing and density. To satisfy state statutes, Century requests that a two factor allocation formula based on 95% deliverability and 5% per well be adopted for the field. Century also requests that the Jacques Lease Well No. 1 be transferred into the Van Meter (LWR Yegua 8900) Field without the need for a drilling permit.

### 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.
2. Century Exploration Houston, LLC (Century) completed its Jacques Lease, Well No. 1, in November 2011. The well is perforated in the Yegua formation from 8,891 to 8,961 feet. On initial test, the well produced flowing at a maximum rate of 5.181 MMCFGPD and 674 BOPD with a gas-oil ratio of 7,690 cubic feet per barrel and a bottom hole pressure of 4,528 psi.
3. The Jacques Lease, Well No. 1, is entitled to a new field designation as there is no comparable production within a 2.5 mile radius of the discovery well.

4. The Van Meter (LWR Yegua 8900) Field should be defined as the correlative interval from 8,890 feet to 9,320 feet as shown on the well log of the Jacques Lease, Well No. 1 (API No. 42-199-33317), Montgomery, D C Survey, A-39, Hardin County, Texas.
5. Allocation based on 95% deliverability and 5% per well is a reasonable formula which will satisfy state statutes and protect correlative rights of mineral owners in the field.

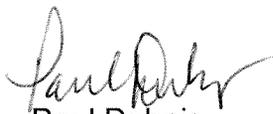
**CONCLUSIONS OF LAW**

1. Proper notice of this hearing was issued.
2. All things have been accomplished or have occurred to give the Commission jurisdiction in this matter.
3. Approval of the requested new field designation and adoption of Field Rules for the proposed Van Meter (LWR Yegua 8900) Field will prevent waste, protect correlative rights and promote the orderly development of the field.

**RECOMMENDATION**

Based on the above findings of fact and conclusions of law, the examiners recommend that the Commission approve the new field designation and adopt Field Rules for the proposed Van Meter (LWR Yegua 8900) Field, as requested by Century Exploration Houston, LLC.

Respectfully submitted,



Paul Dubois  
Technical Examiner



Terry Johnson  
Legal Examiner