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HEARINGS SECTION

RAILROAD COMMISSION OF TEXAS

OFFICE OF GENERAL COUNSEL

OIL AND GAS DOCKET NO. 03-0273688

THE APPLICATION OF GEOPETRA PARTNERS, LLC TO CONSIDER FIELD CONSOLIDATION OF THE MORIAN, NE (WILCOX), MORIAN, NW (WILCOX) AND MORIAN, SE (WILCOX) FIELDS INTO THE DREWS LANDING (WILCOX CONS) FIELD, SAN JACINTO AND POLK COUNTIES, TEXAS

HEARD BY: Andres J. Trevino P.E., Technical Examiner
James Doherty- Legal Examiner

HEARING DATE: January 13, 2012

APPLICANT:

Thomas H. (Buddy) Richter, P.E.
William A. Burgett

REPRESENTING:

Geopetra Partners, LLC

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Geopetra Partners, LLC requests that the Morian, NE (Wilcox), Morian, NW (Wilcox) and the Morian, SE (Wilcox) Fields be consolidated into the Drews Landing (Wilcox Cons) Field.

Geopetra also requests that the following Rule No. 1 be amended for the field:

1. Designated interval from 7,655 feet to 12,650 feet as shown on the log of the Morian No. 3;
2. 467'-0' spacing; (No Change)
3. 40 acre drilling units; (No Change)
4. Allocation based 5% per well and 95% on deliverability, maintain suspension of allocation formula. (No Change)

This application was unopposed and the examiners recommend approval of Geopetra's request for field consolidation and that Field Rule No.1 be amended.

DISCUSSION OF THE EVIDENCE

The Morian, NE (Wilcox), Morian, NW (Wilcox) and the Morian, SE (Wilcox) Fields which are proposed for consolidation are Wilcox fields which were separated out of the Drews Landing (Wilcox Cons) Field in September 2009 per Oil and Gas Docket Nos. 03-02624585, 03-02662486 and 03-0262487. All of the fields are non-associated gas fields. There are a total of 13 completions in the four fields on the current proration schedule. Geopetra is the only operator in the fields. Cumulative production from the fields is over 13.2 BCF of gas and over 260,394 BC.

Geopetra will drill additional wells and recomplete existing wells within the depleted reservoirs targeting the various undrained sands believed to exist within the consolidated interval. The sands are lenticular, thin and of varying reservoir quality. The proposed designated interval includes the entire Wilcox interval from 7,655 feet to 12,650 feet as shown on the log of the Morian Well No. 3. The proposed consolidated field will consist of the Ace, Drew Sands, the X-3 and several Lower Wilcox sands. The Drew Sands have produced approximately 78% of the overall gas and 75% of the overall condensate. Consolidation of the fields will allow Geopetra to complete and produce numerous Wilcox reservoirs as single completions, resulting in a lower economic limit and recovery of additional reserves. Many of the Wilcox zones would not be economic as single completions. It is calculated that an incremental recovery between 26.3 MMCF to 77.2 MMCF of gas will occur for each well, if two sands each contributing 25 MCFD are commingled.

Geopetra requests no change in the 467/0 foot well spacing or the 40 acre drilling density for the consolidated field. The wells are located in a wet pasture land adjacent to the Trinity River where drill pads may be difficult to construct and prepare at ideal locations. Maintaining the 0' between-well spacing rule for the consolidated field will prevent the need for Rule 37 exceptions to recomplete numerous existing wellbores in many zones and to drill wells where surface conditions permit.

The proposed consolidated interval includes only Wilcox sands which have similar fluid properties. In addition, most zones are pressure depleted and cross-flow is not expected to occur. Geopetra requests no change in the current allocation based on 5% per well and 95% on deliverability. Geopetra requests continued suspension of allocation formula. There is 100% market demand for the gas and given the depleted status of the reservoirs, there is no reason to limit production.

FINDINGS OF FACT

1. Notice of this hearing was given to all persons legally entitled to notice at least ten days prior to the date of hearing.

2. The Morian, NE (Wilcox), Morian, NW (Wilcox) and the Morian, SE (Wilcox) Fields proposed for consolidation were separated out of the Drews Landing (Wilcox Cons) Field in September 2009 per Oil and Gas Docket Nos. 03-02624585, 03-02662486 and 03-0262487. The fields are non-associated gas fields.
3. There are a total of 13 completions in the four fields on the current proration schedule. Geopetra is the only operator in the fields.
4. Geopetra will drill additional wells and recomplete existing wells within the depleted reservoirs targeting the various undrained sands believed to exist within the consolidated interval.
5. Cumulative production from the fields is over 13.2 BCF of gas and over 260,394 barrels of condensate.
6. Consolidation of the various Wilcox fields will not harm any of the reservoirs because of the similar reservoir and fluid properties.
7. Consolidation of the three fields within the designated interval will result in the recovery of additional reserves due to a lower combined economic limit. It is calculated that an incremental recovery between 26.3 MMCF to 77.2 MMCF of gas will occur for each well, if two sands each contributing 25 MCFD are commingled.
8. The Drews Landing (Wilcox Cons) Field should be designated as the correlative interval from 7,655 feet to 12,650 feet as shown on the log of the Sandhawk's Morian No. 3. The consolidated field will consist of the Ace, Drew Sands, the X-3 and several Lower Wilcox sands.
9. Geopetra requests no change in the 467/0 feet well spacing or the 40 acre drilling density for the consolidated field.
10. Geopetra requests continued suspension of allocation formula. There is 100% market demand for the gas and given the depleted status of the reservoirs, there is no reason to limit production.

CONCLUSIONS OF LAW

1. Proper notice of this hearing was given to all persons legally entitled to notice.

2. All things have occurred or been accomplished to give the Railroad Commission jurisdiction in this matter.
3. Consolidation of the fields as proposed by Geopetra Partners, LLC is necessary to prevent waste and protect correlative rights.
4. The proposed field rules will prevent waste, protect correlative rights, and satisfy statutory requirements.

EXAMINER'S RECOMMENDATION

Based on the above findings and conclusions, the examiners recommend that the Morian, NE (Wilcox), Morian, NW (Wilcox) and the Morian, SE (Wilcox) Fields be consolidated into the Drews Landing (Wilcox Cons) Field and that Field Rule No.1 be amended.

Respectfully submitted,



Andres J. Trevino P.E.
Technical Examiner



James Doherty
Hearings Examiner