



# RAILROAD COMMISSION OF TEXAS

## HEARINGS DIVISION

OIL AND GAS DOCKET NO. 02-0280936

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THE APPLICATION OF H & P EXPLORATION CO. AND PETRA OLEUM CORP. TO  
RENUMBER AND AMEND FIELD RULES FOR THE BORCHERS (5700 YEGUA) FIELD,  
LAVACA COUNTY, TEXAS

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HEARD BY: Richard D. Atkins, P.E. - Technical Examiner  
Michael Crnich - Legal Examiner

HEARING DATE: March 12, 2013

APPEARANCES: REPRESENTING:

**APPLICANT:**

Kerry Pollard

H & P Exploration Co. and Petra Oleum  
Corp.

### EXAMINERS' REPORT AND RECOMMENDATION

#### STATEMENT OF THE CASE

Field Rules for the Borchers (5700 Yegua) Field were adopted in Final Order No. 2-75,039, effective July 14, 1980. The Field Rules are summarized as follows:

1. 933'-1,867' well spacing;
2. 220 acre gas units;
3. Allocation based on 100% acres.

H & P Exploration Co. and Petra Oleum Corp. ("H & P/Petra") requests that the Field Rules be renumbered and amended, as shown below:

1. Designated correlative interval from 5,486 feet to 6,150 feet as shown on the log of the Petra Oleum Corp. - William Borchers Lease, Well No. 1 (API No. 42-285-00430);
2. 467'-1,200' well spacing;

3. 40 acre gas units;
4. Allocation based on 95% acres and 5% per well with AOF status.

The application is unopposed and the examiners recommend that the Field Rules for the Borchers (5700 Yegua) Field be renumbered and amended, as proposed by H & P/Petra.

### DISCUSSION OF EVIDENCE

The Borchers (5700 Yegua) Field was discovered in July 1979 at an average depth of 5,700 feet. The field is classified as non-associated and there is one shut-in gas well carried on the proration schedule. H & P/Petra are the only operators in the field. Field Rules currently provide for 933'-1,867' well spacing, 220 acre gas units and allocation based on 100% acres. Cumulative production from the field through November 2012 is 299.6 MMCFG and 1.4 MBO.

There is currently no defined correlative interval for the field. H & P/Petra requests that the field be defined as the correlative interval from 5,486 feet to 6,150 feet as shown on the log of the Petra Oleum Corp. - William Borchers Lease, Well No. 1 (API No. 42-285-00430), C Brown Survey, A-81, Lavaca County, Texas. The correlative interval includes the entire Yegua formation, which is comprised of the Y-1 through the Y-5 sands.

H & P/Petra is developing the field by drilling infill wells and requests 467'-1,200' well spacing and 40 acre gas units. From available log data, H & P/Petra determined an average porosity of 28%, an average water saturation of 35% and an average net pay thickness of 5 feet. The remaining recoverable gas reserves under 160 acres was calculated to be approximately 1.0 BCF.

To satisfy state statutes, H & P/Petra requests that a two factor allocation formula based on 95% acres and 5% per well be adopted for the field. H & P/Petra also requests that the allocation formula be suspended, as there is a 100% market demand for all of the gas produced from the field.

### 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. The Borchers (5700 Yegua) Field was discovered in July 1979 at an average depth of 5,700 feet.
  - a. The field is classified as non-associated and there is one shut-in gas well carried on the proration schedule.

- b. H & P Exploration Co. and Petra Oleum Corp. ("H & P/Petra") are the only operators in the field.
  - c. Field Rules currently provide for 933'-1,867' well spacing, 220 acre gas units and allocation based on 100% acres.
3. The Borchers (5700 Yegua) Field should be defined as the correlative interval from 5,486 feet to 6,150 feet as shown on the log of the Petra Oleum Corp. - William Borchers Lease, Well No. 1 (API No. 42-285-00430), C Brown Survey, A-81, Lavaca County, Texas. The correlative interval includes the entire Yegua formation, which is comprised of the Y-1 through the Y-5 sands.
4. Field Rules for the Borchers (5700 Yegua) Field that provide for 467'-1,200' well spacing and 40 acre gas units are appropriate for the field.
  - a. H & P/Petra are developing the field by drilling infill wells.
  - b. From available log data, H & P/Petra determined an average porosity of 28%, an average water saturation of 35% and an average net pay thickness of 5 feet.
  - c. The remaining recoverable gas reserves under 160 acres was calculated to be approximately 1.0 BCF.
5. Allocation based on 95% acres and 5% per well is a reasonable formula which will satisfy state statutes and protect correlative rights of mineral owners in the field.
6. Suspension of the allocation formula is appropriate, as there is a 100% market demand for all of the gas produced from 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. Renumbering and amending the Field Rules for the Borchers (5700 Yegua) Field is necessary to prevent waste, protect correlative rights and promote development of the field.

**RECOMMENDATION**

Based on the above findings of fact and conclusions of law, the examiners recommend that the Commission renumber and amend the Field Rules for the Borchers (5700 Yegua) Field, as requested by H & P Exploration Co. and Petra Oleum Corp.

Respectfully submitted,



Richard D. Atkins, P.E.  
Technical Examiner



Michael Crnich  
Legal Examiner