

July 24 ,2000

OIL AND GAS DOCKET NO. 03-0225171

APPLICATION OF TRIPLE "B" PRODUCTION DRILLING INC. TO CONSIDER FIELD RULES FOR THE M. GASTON (CARRIZO-B-) FIELD, TRINITY COUNTY, TEXAS

HEARD BY: Thomas H. Richter, P.E.

DATE OF HEARING: July 20, 2000

APPEARANCES:

Jamie Nielson, attorney
Carl Haskett

REPRESENTING:

Triple "B" Production Drilling Inc.

PROTESTANT: none

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

This is the unprotested application of Triple "B" Production Drilling Inc. for the Commission to consider field rules for the M. Gaston (Carrizo -B-) Field that provide for:

1. The entire correlative interval from 1,862' to 1,884' subsurface depth as shown on the Dual Induction-SFL- Compensated Neutron-Litho-Density log of the Oslin Exploration Company, Reynolds Lease Well No. 1, in the J.Maness Survey, A-79, Trinity County, Texas be recognized and designated as the M.Gaston (Carrizo-B-) Field.
2. Minimum well spacing of 150'/300' (lease line/between well),
3. 20 acre proration units with 5 acre tolerance and maximum diagonal of 1,500' and optional 5 acre density with a maximum diagonal of 750'; and
4. An allocation formula based on 100% acreage.

Triple "B" Production Drilling Inc. originally requested 20 acre proration units with 10% tolerance. This type of tolerance is usually associated with "gas" proration units. The applicant stated at the hearing that tolerance acreage of 5 acres would not be considered adverse.

DISCUSSION OF THE EVIDENCE

The M.Gaston (Carrizo-B-) Field was discovered August 2, 1991 at 1,912 feet subsurface depth. The field is governed by Statewide Rules. There are two operators in the field and three active wells. The reservoir is the result of a structural trap against the down dip side of a southwest-northeast fault. Basic reservoir parameters are: average porosity 30%; average water saturation 35%; average net pay thickness 12 feet. It is proposed the entire correlative interval from 1,862' to 1,884' subsurface depth as shown on the Dual Induction-SFL- Compensated Neutron-Litho-Density log of the Oslin Exploration Company, Reynolds Lease Well No. 1, in the J.Maness Survey, A-79, Trinity County, Texas be recognized and designated as the M. Gaston (Carrizo-B-) Field.

Twenty (20) acre proration unit density and optional 5 acre density is necessary to provide for the effective and efficient depletion of the reservoir. Cumulative production from the field is 132,179 BO. The oil gravity is low at 19° API. The Reynolds Well No. 1 is estimated to recover 120,000 BO (production decline analysis). The calculated drainage area is 12.72 acres. The L.W. Gaston Well No. 3 is estimated to recover 36,000 BO (production decline analysis). The calculated drainage area is 4.29 acres. The 1966 Partnership Well No. 1 is estimated to recover 240,000 BO (production decline analysis). The calculated drainage area is 4.58 acres.

The proposed minimum well spacing, 150'/300' (leaseline/between well), is necessary to provide for flexibility in locating wells in this area. The 100% acreage allocation formula will provide for the protection of correlative rights.

FINDINGS OF FACT

Based on the evidence presented, the examiner proposes the following findings:

1. Notice of this hearing was sent to all operators in the subject field at least ten (10) days prior to the subject hearing.
2. There was no protest at the call of the hearing.
3. The M.Gaston (Carrizo-B-) Field was discovered August 2, 1991 at 1,912 feet subsurface depth.
 - a. The field is governed by Statewide Rules.
 - b. There are two operators in the field and three active wells.
4. The entire correlative from 1,862' to 1,884' subsurface depth as shown on the Dual Induction-SFL- Compensated Neutron-Litho-Density log of the Oslin Exploration

Company, Reynolds Lease Well No. 1, in the J.Maness Survey, A-79, Trinity County, Texas be recognized and designated as the M.Gaston (Carrizo-B-) Field.

5. Twenty (20) acre proration unit density and optional 5 acre density is necessary to provide for the effective and efficient depletion of the reservoir.
 - a. The Reynolds Well No. 1 is estimated to recover 120,000 BO (production decline analysis). The calculated drainage area is 12.72 acres.
 - b. The L.W. Gaston Well No. 3 is estimated to recover 36,000 BO (production decline analysis). The calculated drainage area is 4.29 acres.
 - c. The 1966 Partnership Well No. 1 is estimated to recover 240,000 BO (production decline analysis). The calculated drainage area is 4.58 acres.
6. The proposed minimum well spacing, 150'/300' (leaseline/between well) is necessary to provide for flexibility in locating wells in this area.
7. The 100% acreage allocation formula will provide for the protection of correlative rights.

CONCLUSIONS OF LAW

1. Proper notice was given to all parties as set out in the provisions of all applicable codes and regulatory statutes.
2. All things have occurred and been accomplished to give the Commission jurisdiction in this matter.
3. Consideration of field rules, a determination of their effectiveness and appropriate actions is a matter within the Commission jurisdiction.
4. Adoption of the proposed fields rule will prevent waste, foster conservation and protect correlative rights.

EXAMINER'S RECOMMENDATION

Based on the above findings and conclusions of law, the examiner recommends approval of the proposed field rules for the M. Gaston (Carrizo-B-) Field.

Respectfully submitted,

Thomas H. Richter, P.E.
Technical Examiner
Office of General Counsel