

**OIL AND GAS DOCKET NO. 04-0232856**

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**THE APPLICATION OF NORTH SHORE ENERGY L.L.C. TO AMEND FIELD RULES FOR THE TAFT, EAST (6250) FIELD, SAN PATRICIO COUNTY, TEXAS**

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**Heard by:** Margaret Allen, Technical Hearings Examiner

**Procedural history**

Application received: October 25, 2002

Hearing held: December 12, 2002

**Appearances**

Dale Miller

Catherine M. Schaper

Representing

North Shore Energy

**EXAMINER'S REPORT AND RECOMMENDATION**

**STATEMENT OF THE CASE**

Field rules for the Taft, East (6250) Field were adopted on November 3, 1958, under Oil and Gas Docket No. 39,078. The existing rules provide for 660-1320' well spacing, 320 acre gas proration units and allocation based 2/3 on acreage and 1/3 per well. North Shore's requested rules are summarized below:

1. Designated interval from 6258' to 6268' as shown on the log of the Melba Production Company Ruth Patrick Sweatt Lease Well No. 2 (now North Shore Energy Randolph B. Rachal Lease Well No. 1);
2. Well spacing 467' from lease lines and 1200' between wells;
3. 80 acre gas proration units with 40-acre optional units; and
4. allocation based on acreage.

**DISCUSSION OF THE EVIDENCE**

The Taft, East (6250) Field was discovered in 1957, and four wells have been drilled to this field. The field produced 874 MMCF of gas from 1957 to 1983, most of it from two wells.

In August, 2001, North Shore re-entered the Melba Production R.P Sweatt Lease Well No. 2, calling it the Randolph B. Rachal Lease Well No. 1. This well was drilled in 1958 and produced 564 MMCF of gas before being abandoned in 1963. The well is perforated in a thin sandstone between 6260' and 6266'. Cumulative production since January, 2002, is 40 MMCF of gas and the well's current deliverability is 200 MCF/D. The decline rate is 12.5% per year and the well's estimated ultimate production is 1 BCF, including the 574 MMCF produced prior to 1963.

The average reservoir porosity is 29%, average water saturation is 30% and the recovery factor is assumed to be 80%. The net pay thickness in this thin producing sand is about 9 feet. There are an

estimated 974 MMCF of recoverable gas underneath 80 acres, and 487 MMCF underneath 40 acres. The discovery well for the field, the Ken-Tex Crude Producers, Inc. Catherine Church Carmody Lease Well No. 1 produced 581 MMCF between 1957 and 1983, and is the only other well on the proration schedule. The estimated drainage area of this well was 48 acres. The estimate drainage area of North Shore's well is 83 acres.

The applicant believes the field covers about 700 acres and intends to drill additional wells. The requested well spacing of 467'-1200' is common for 40-acre optional units. As there is only one thin producing sand, a two-factor allocation formula is unnecessary. The applicant requested that allocation be based on acreage which will protect correlative rights.

### **FINDINGS OF FACT**

1. Notice of this hearing was given to all operators in the Taft, East (6250) Field on November 26, 2002.
2. The Taft, East (6250) Field was discovered in 1957, and had four wells at one time though only one is now active.
3. Field rules were November 3, 1958, under Oil and Gas Docket No. 39,078, and specify 320-acre density with 660'-1320' well spacing and allocation based 2/3 on acreage and 1/3 per well.
4. The Melba Production drilled its R.P Sweatt Lease Well No. 2 in 1958 and the well produced 564 MMCF of gas before being abandoned in 1963.
5. In August, 2001, North Shore Energy, L.L.C., re-entered this well, calling it the Randolph B. Rachal Lease Well No. 1, and perforated it between 6260' and 6266'.
6. Eighty acre density with 40-acre optional units are appropriate for this field.
  - a. The decline rate of the Randolph B. Rachal Lease Well No. 1 is 12.5% per year and the well's estimated ultimate recovery is 1 BCF.
  - b. The estimate drainage area of this well is 83 acres.
  - c. The discovery well for the field, the Ken-Tex Crude Producers, Inc. Catherine Church Carmody Lease Well No. 1, produced 581 MMCF before 1983, and had an estimated drainage area of 48 acres.
7. Well spacing of 467'-1200' is common for 40-acre optional units.
8. The producing interval extends from 6258' to 6268' as shown on the log of the Melba Production Company Ruth Patrick Sweatt Lease Well No. 2 (now North Shore Energy Randolph B. Rachal Lease Well No. 1).
9. A two-factor allocation formula is unnecessary and allocation based on acreage will protect correlative rights.

**CONCLUSIONS OF LAW**

1. Proper notice was given as required by statute.
2. All things have been done or occurred to give the Railroad Commission jurisdiction to resolve this matter.
3. The recommended amendments to the field rules will prevent waste, protect correlative rights within the field, and encourage further development.

**EXAMINER'S RECOMMENDATION**

Based on the above findings and conclusions, the examiner recommends the requested amendments to the field rules for the Taft, East (6250) Field be approved, as per the attached order.

Respectfully submitted,

Margaret Allen  
Technical Hearings Examiner

Date of Commission Action: January 7, 2003