



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL AND GAS DOCKET NO. 7B-0277945

**THE APPLICATION OF L.C.S. PRODUCTION COMPANY TO AMEND AND RENUMBER
FIELD RULES FOR THE HOLLINS (PENN. SAND) FIELD, NOLAN COUNTY, TEXAS**

HEARD BY: Richard D. Atkins, P.E. - Technical Examiner
Randall Collins - Legal Examiner

HEARING DATE: September 20, 2012

APPEARANCES:

REPRESENTING:

APPLICANT:

Dale E. Miller

L.C.S. Production Company

EXAMINERS' REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Field Rules for the Hollins (Penn. Sand) Field were adopted in Final Order No. 7B-71,069, effective March 15, 1979. The Field Rules are summarized as follows:

1. 467'-933' well spacing;
2. 80 acre oil units;
3. Allocation based on 100% acres.

L.C.S. Production Company ("L.C.S.") requests that the Field Rules be amended and renumbered, as shown below:

1. Designated correlative interval from 5,692 feet to 5,711 feet as shown on the log of the L.C.S. Production Company - County Line South Lease, Well No. 1 (API No. 42-353-33307);
2. 467'-933' well spacing;

3. 80 acre oil units with optional 40 acre density;
4. Allocation based on 100% acres.

The application is unopposed and the examiners recommend that the Field Rules for the Hollins (Penn. Sand) Field be amended and renumbered, as proposed by L.C.S.

DISCUSSION OF EVIDENCE

The Hollins (Penn. Sand) Field was discovered in February 1957 at an average depth of 5,700 feet. The field is classified as associated-49B. There are two producing oil wells, no gas wells and two operators carried on the proration schedules. Field Rules currently provide for 467'-933' well spacing and 80 acre oil units. Cumulative production from the field through June 2012 is 309.8 MBO and 414.1 MMCFG.

There is currently no defined correlative interval for the field. L.C.S. requests that the field be defined as the correlative interval from 5,692 feet to 5,711 feet as shown on the log of the L.C.S. Production Company - County Line South Lease, Well No. 1 (API No. 42-353-33307), Section 29, Block 22, T&P RR Co. Survey, A-269, Nolan County, Texas. The correlative interval includes the entire Pennsylvanian Sand formation. From log analysis, L.C.S. estimated an average porosity of 15%, an average saltwater saturation of 35%, an average net pay thickness of 15 feet and a recovery factor of 13%. The primary drive mechanism is a solution gas drive.

L.C.S. is re-developing the Hollins (Penn. Sand) Field by drilling infill vertical wells and requests Field Rules that will promote the efficient and effective development of the remaining hydrocarbons. L.C.S. provided drainage area calculations for 6 vertical wells that produced in the field. The drainage areas range from 2 acres up to a maximum of 85 acres. The average drainage area was calculated to be approximately 44 acres and 3 of the wells had drainage areas of less than 40 acres. Based on the drainage area calculations, L.C.S. proposes 467'-933' well spacing and 80 acre oil units with optional 40 acre density. L.C.S. submitted a tabulation of ten fields in RRC District 7B that have already adopted similar spacing and density Field Rules.

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 Hollins (Penn. Sand) Field was discovered in February 1957 at an average depth of 5,700 feet.

- a. The field is classified as associated-49B.
 - b. There are two producing oil wells, no gas wells and two operators carried on the proration schedules.
 - c. Field Rules currently provide for 467'-933' well spacing and 80 acre oil units.
3. The Hollins (Penn. Sand) Field should be defined as the correlative interval from 5,692 feet to 5,711 feet as shown on the log of the L.C.S. Production Company - County Line South Lease, Well No. 1 (API No. 42-353-33307), Section 29, Block 22, T&P RR Co. Survey, A-269, Nolan County, Texas. The correlative interval includes the entire Pennsylvanian Sand formation.
4. Field Rules for the Hollins (Penn. Sand) Field that provide for 467'-933' well spacing and 80 acre oil units with optional 40 acre density are appropriate for the field.
- a. L.C.S. Production Company ("L.C.S.") is re-developing the Hollins (Penn. Sand) Field by drilling infill vertical wells to promote the efficient and effective development of the remaining hydrocarbons.
 - b. Drainage areas for 6 vertical wells that produced in the field range from 2 acres up to a maximum of 85 acres.
 - c. The average drainage area was calculated to be approximately 44 acres and 3 of the wells had drainage areas of less than 40 acres.
 - d. Ten other fields in RRC District 7B have already adopted similar spacing and density Field Rules.

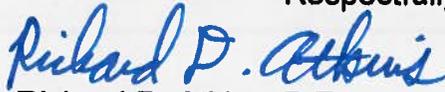
CONCLUSIONS OF LAW

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. Amending and renumbering the Field Rules for the Hollins (Penn. Sand) Field is necessary to prevent waste, protect correlative rights and promote development of the field.

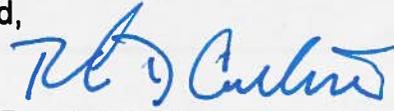
RECOMMENDATION

Based on the above findings of fact and conclusions of law, the examiners recommend that the Commission amend and renumber the Field Rules for the Hollins (Penn. Sand) Field, as requested by L.C.S. Production Company.

Respectfully submitted,



Richard D. Atkins, P.E.
Technical Examiner



Randall Collins
Legal Examiner