



RAILROAD COMMISSION OF TEXAS

OFFICE OF GENERAL COUNSEL

OIL AND GAS DOCKET NO. 7C-0247011

THE APPLICATION OF FASKEN OIL AND RANCH, LTD. TO AMEND FIELD RULES
FOR THE GEASLIN (WOLFCAMP) FIELD, TERRELL COUNTY, TEXAS

Heard by: Margaret Allen, Technical Hearings Examiner

Procedural history

Application received: April 5, 2006

Hearing held: April 20, 2006

Appearances

Jim Cowden
Jimmy Carlile
Travis White

Representing
Fasken Oil and Ranch, Ltd.

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Field rules for the Geaslin (Wolfcamp) Field were adopted in Final Order No. 7C-0213192, issued effective September 10, 1996, as amended. The rules in the Final Order can be summarized as follows:

1. Designated interval between 3470' and 8000' as shown on the log of the Geaslin (now Geaslin SW) 198 Lease, Well No. 1;
2. 330'-933' well spacing;
3. 160 acre gas proration units with 40 acre optional units; and
4. allocation based 5% on acreage and 95% on deliverability, with the formula suspended.

Fasken Oil and Ranch, Ltd. ("Fasken") is requesting that the top of the designated interval be raised to a depth of 2500' as shown on the log of the Fasken Geaslin SW 198 Lease Well No. 1, which is correlative to the depth of 3104' as shown on the log of the Fasken Brown NE 213 Lease, Well No. 41. The base of the designated interval should remain that shown at 8000' on the log of the Geaslin SW Lease Well No. 1.

DISCUSSION OF THE EVIDENCE

The Geaslin (Wolfcamp) Field was discovered in 1995 and has 118 gas wells—six operated by Encana Oil & Gas and the rest by Fasken. There are also two low-potential oil wells. The Wolfcamp is a thick sand/shale sequence wherein fields commonly have large intervals designated. Cumulative field production is 28.4 BCF and the field is producing 420 MMCF per month. The net pay averages 30', porosity is 12% and water saturation is 35%.

Fasken is drilling on the northern and southeastern sides of the field, as well as infill drilling. It has encountered productive streaks in the Wolfcamp above the designated interval which cannot economically be developed by themselves. Fasken wants to be able to add perforations in these upper sandstones. One well has so far been completed in the upper sandstones by themselves. It produced only 58 MCFD until perforations were added lower in the section, increasing deliverability to 100 MCFD.

Because most of the potentially productive sandstones above the current designated interval are better developed on the northern edge of the field, Fasken believes the new top for the expanded designated interval needs to be shown in a type log on that side of the field as well as on the existing type log. The top of the new designated interval will be shown at a depth of 3104' on the log of the Fasken Brown NE 213 Lease, Well No. 41 on the north side of the field and at a depth of 2500' on the log of the Fasken Geaslin SW 198 Lease Well No. 1 which is on the south side of the field. The base of the designated interval should remain that shown at 8000' on the log of the Geaslin SW Lease Well No. 1, the deepest well in the field.

FINDINGS OF FACT

1. Notice of this hearing was mailed to both operators in the Geaslin (Wolfcamp) Field on April 10, 2006.
2. The Geaslin (Wolfcamp) Field was discovered in 1995 and has 118 gas wells—six operated by Encana Oil & Gas and the rest by Fasken Oil and Ranch Ltd.
3. The current designated interval is between 3470' and 8000' as shown on the log of the Geaslin (actually Geaslin SW) 198 Lease, Well No. 1.
4. Fasken Oil and Ranch Ltd. is developing the field to the north and encountering productive sandstones above the current designated interval on that side of the field.
4. These shallower Wolfcamp sandstones cannot economically be developed by themselves.
5. Redefining the top of the designated interval to a depth of 3104' as shown on the log of the Brown NE 213 Lease, Well No. 41 on the north side of the field, and a depth of 2500' as shown on the log of the Geaslin SW 198 Lease Well No. 1 on the south side of the field, will encourage the development of marginal sandstones and prevent waste.

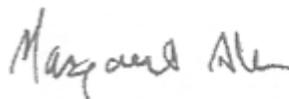
CONCLUSIONS OF LAW

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 requested amendment to the field rules will prevent waste, protect correlative rights and promote orderly development of the field.

EXAMINER'S RECOMMENDATION

Based on the above findings and conclusions, the examiner recommends approval of the request by Fasken Oil and Ranch, Ltd. to expand the correlative interval, as per the attached order.

Respectfully submitted,



Margaret Allen
Technical Hearings Examiner