



# RAILROAD COMMISSION OF TEXAS

## HEARINGS DIVISION

**OIL AND GAS DOCKET NO. 04-0284934**

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**THE APPLICATION OF SANDALWOOD EXPLORATION, LP, FOR A NEW FIELD DESIGNATION FOR THE PAPPY UNIT NO. 1, WELL NO. 1, AND TO ADOPT FIELD RULES FOR THE PROPOSED PAPALOTE, SOUTH (CATAHOULA) FIELD, SAN PATRICIO COUNTY, TEXAS.**

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**HEARD BY:** Paul Dubois – Technical Examiner  
Terry Johnson – Legal Examiner

**HEARING DATE:** December 6, 2013

**APPEARANCES:** **REPRESENTING:**

**APPLICANT:**

Doug Dashiell  
Audrey Adams

Sandalwood Exploration, LP

### EXAMINERS' REPORT AND RECOMMENDATION

#### STATEMENT OF THE CASE

Sandalwood Exploration, LP (Sandalwood) requests that a new field designation called the Papalote, South (Catahoula) Field, ID No. 69047 500, be approved for its Pappy Unit No. 1, Well No. 1 in San Patricio County, Texas. Sandalwood proposes that the following Field Rules be adopted for the new field:

1. Designation of the field as the correlative interval from 3,372 feet to 3,395 feet as shown on the gamma ray log of the Sandalwood Exploration, L.P. Pappy Unit 1 Well no. 1 (API No. 42-409-33000), located in the D&J Oboyle Survey, Abstract 21, San Patricio County, Texas;
2. 330' - 660' well spacing;
3. 40 acre oil proration units with 20 acre tolerance; and

4. Allocation based upon 100% acreage with a top oil allowable based on the 1965 yardstick allowable.

The examiners take official notice of the W-2 and associated completion papers for the Pappy Unit No. 1 Well No. 1 (API 409-33000) filed electronically to the Commission on September 17, 2013 (Tracking No. 84035).

The application is not protested and the examiners recommend approval of the new field designation and adoption of Field Rules for the Papalote, South (Catahoula) Field, as proposed by Sandalwood.

### DISCUSSION OF THE EVIDENCE

Sandalwood has completed its Pappy Unit No. 1 Well No. 1 in the Wildcat Field, five miles northwest of the town of Sinton, San Patricio County, Texas. The well was completed on August 8, 2013. On September 5, 2013, the well was tested and in 24 hours produced 56 BO, 3 MCFG and 45 BW. The oil had an API gravity of 23° and a gas-to-oil ratio of 55. The well is perforated in the Catahoula sand from 3,375 feet to 3,379 feet. The Catahoula sand, a unit at the base of the Miocene, is encountered at a depth of 3,372 to 3,395 feet. The well currently produces about 20 BOPD and 120 BWPD.

Sandalwood believes the oil produced from this well represents a new field discovery. The nearest production to the subject well is 7,700 feet to the northwest in the 4,750 to 4,768 depth interval, a gas well producing from the Cotton Patch (Frio 5725) Field. The nearest comparable production to the subject well is 5.5 miles to the north in Bee County in the Papalote, East (3250 -B-) Field at a depth of 3,240 to 3,275.

To accompany the new field designation, Sandalwood is also requesting that field rules for the proposed Papalote, South (Catahoula) Field be adopted. The correlative interval proposed for the field is the Catahoula sand interval from 3,372 to 3,395 feet, as indicated on the gamma ray log of the discovery well. In addition, Sandalwood is requesting 330-foot lease line spacing and 660-foot between well spacing for the field. Such spacing will allow for the efficient development of the field given its irregular size as defined by a geologic structure map (Exhibit No. 6).

The top of the Catahoula sand exhibits an elongated north-south orientation, and the sand exhibits its maximum thickness along this axis. The reservoir exhibits an oil-water contact at a depth of 3310 feet (subsea). The reservoir above the oil-water contact is about 1,500 feet wide (east-west) and about 1.5 miles long (north-south). Wells adjacent to the structure were wet. Sandalwood plans on drilling additional wells to drain the reservoir. Based on the elongated shape of the reservoir, adjustments to spacing rules are necessary (compared to Statewide Rules). The 330-foot / 660-foot spacing will allow

Sandalwood to maximize recovery efficiency.

In addition, Sandalwood is asking for 40 acre density with 20 acre tolerance, and a 100 percent acreage allocation with a top allowable based on the 1965 yardstick.

Sandalwood provided notice to all offset operators (in other fields) and mineral owners of the requested field rule adoption. Several persons were not located, so Sandalwood published notice of the application in the San Patricio County News.

### **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. Sandalwood completed its Pappy Unit No. 1 Well No. 1, in August 2013. The well is perforated in the Cathoula sand at the base of the Miocene from 3,375 feet to 3,379 feet. On initial test, the well produced 56 BO, 3 MCFG and 45 BW.
3. The Pappy Unit No. 1 Well No. 1, is entitled to a new field designation as there is no comparable production within a 2.5 mile radius of the discovery well.
4. The Papalote, South (Catahoula) Field should be defined as the correlative interval from 3,372 feet to 3,395 feet as shown on the gamma ray log of the Sandalwood Exploration, L.P. Pappy Unit 1 Well no. 1 (API No. 42-409-33000), located in the D&J Oboyle Survey, Abstract 21, San Patricio County, Texas.
5. 330-foot lease line spacing, 660-foot between well spacing and 40 acre proration units with 20 acre tolerance will allow Sandalwood to efficiently develop the elongated 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. Approval of the requested new field designation and adoption of Field Rules for the proposed Papalote, South (Catahoula) Field will prevent waste, protect correlative rights and promote the orderly development of the field.

**RECOMMENDATION**

Based on the above findings of fact and conclusions of law, the examiners recommend that the Commission approve the new field designation and adopt Field Rules for the proposed Papalote, South (Catahoula) Field, as requested by Sandalwood.

Respectfully submitted,



Paul Dubois  
Technical Examiner



Terry Johnson  
Legal Examiner