

**THE APPLICATION OF STAR PRODUCTION INC. TO ADOPT A CORRELATIVE INTERVAL FOR THE STAR LIGHT (PALO PINTO) FIELD, TOM GREEN COUNTY, TEXAS**

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

**Procedural history**

Application received: June 28, 2006

Hearing held: August 10, 2006

**Appearances**

Keith Lilie

Representing

Star Production Inc.

**EXAMINER'S REPORT AND RECOMMENDATION**

**STATEMENT OF THE CASE**

Star Production Inc. ("Star") wants to have a correlative interval adopted for the Star Light (Palo Pinto) Field that extends from 2642' to 2780' as shown on the log of its Matschek Unit Well No. 1.

**DISCUSSION OF THE EVIDENCE**

The Star Light (Palo Pinto) Field was discovered at a depth of 2710' in September, 2004, and has five wells, all operated by Star. When Star applied for an MER hearing it realized that it was perforating wells above the discovery depth. Although the field is on Statewide Rules, Star wants to have a correlative interval adopted to reflect the actual completions in the field.

The discovery well was the Matschek Unit No. 1, which was initially perforated from 2710' to 2718'. The initial potential was 17 BO and 34 BW per day on a pump. Perforations were then added between 2672' and 2680' and the potential increased to 71 BOPD. Cumulative production from the discovery well has been 37,000 BO and 5355 BW, with almost no gas. Daily production has not declined since the well was completed. The four subsequent wells have an average potential of 94 BOPD, and all have their uppermost perforations shallower than 2700'.

The producing Palo Pinto Formation has two lobes. The upper lobe extends from 2642' to 2690' on the log of the Matschek Unit No. 1. The lower lobe extends from 2692' to 2780' on the log of the same well. The proposed designated interval extends from 2642' to 2780'. The thin shale break from 2690' to 2692', between the two lobes, is insufficient to separate the sandstone into two reservoirs. Because the two lobes are in communication, a two-factor allocation formula is unnecessary.

**FINDINGS OF FACT**

1. Notice of this hearing was mailed to Star Production, Inc., the only operator in the Star Light (Palo Pinto) Field on July 26, 2006.
2. The Star Light (Palo Pinto) Field was discovered at a depth of 2710' in September, 2004, and has five wells, all operated by Star.
3. The discovery well was the Matschek Unit No. 1, which was initially perforated from 2710' to 2718'.
4. Perforations were then added to the discovery well, from 2672' to 2680', increasing its potential, and the four subsequent wells also have perforations shallower than 2710'.
5. The producing Palo Pinto Formation has two lobes, but the 2' shale section between them does not cause the lobes to be separate reservoirs.
6. The top of the upper Palo Pinto lobe is at 2642' on the log of the Star Production, Inc. Matschek Unit No. 1 and the base of the lower lobe is at 2780'.
7. The Star Light (Palo Pinto) Field is on Statewide Rules and does not require a two-factor allocation formula.

**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 correlative interval for the Star Light (Palo Pinto) Field rules will 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 requested designated interval for the Star Light (Palo Pinto) Field, as per the attached order.

Respectfully submitted,

Margaret Allen  
Technical Hearings Examiner