

**OIL AND GAS DOCKET NO. 7C-0268910**

---

**THE APPLICATION OF FIML NATURAL RESOURCES, LLC TO CONSIDER AN EXCEPTION TO STATEWIDE RULE 10 FOR THE ADAMS LEASE WELL NO. 11I IN THE ADAMS-BAGGETT RANCH (CANYON SD.) FIELD AND WILDCAT FIELD, CROCKETT COUNTY, TEXAS**

---

**Heard by:** Donna K. Chandler, Technical Examiner

**Hearing Date:** February 11, 2011

**Appearances:**

**Representing:**

Mike McElroy  
Rick Johnston

FIML Natural Resources, LLC

**EXAMINER'S REPORT AND RECOMMENDATION**

**STATEMENT OF THE CASE**

FIML Natural Resources, LLC requests an exception to Statewide Rule 10 to downhole commingle production from the Adams-Baggett Ranch (Canyon Sd.) and Wildcat Shale interval between 4,153 and 4,386 feet in the Adams No. 11I.

This application was unopposed and the examiner recommends approval of the exception.

**DISCUSSION OF EVIDENCE**

The Adams No. 11I was completed in March 2004 in the Adams-Baggett Ranch (Canyon Sd.) Field with perforations between 4,564 and 4,584 feet. The well produced at a rate of 121 MCFD on initial test. By early 2010, the well was producing only 8-10 MCFD from the Canyon Sand.

In February 2010, FIML received approval from the District Office to set a cast iron bridge plug in the well at 4,520 feet and test a Canyon Shale interval with perforations between 4,153 and 4,386 feet. FIML filed a completion report for the Canyon Shale completion with a test rate of 12 MCFD.

FIML now seeks authority to remove the cast iron bridge plug between the sets of perforations and downhole commingle the production from the Canyon Sand and Canyon Shale. Estimate combined production is expected to be 20 MCFD.

The estimated bottomhole pressure in the Shale interval is 2,000 psi while the Canyon interval has a depleted pressure about 500 psi. FIML expects no harmful crossflow from the Shale into the Canyon because the permeability of the Shale is very low and producing volumes are very limited.

FIML expects to recover an additional 37 MMCF of gas as a result of commingling the two zones. Without commingling, these reserves would not be recovered and the Shale perforations would be squeezed off.

The well is a regular location with respect to both the Adams-Baggett Ranch (Canyon Sd.) Field and the Wildcat Field. Royalty and Working interests are identical with respect to all zones proposed for commingling.

#### **FINDINGS OF FACT**

1. Notice of this hearing was given to all affected persons at least ten days prior to the date of hearing. No protests were received.
2. The Adams No. 111 was completed in March 2004 in the Adams-Baggett Ranch (Canyon Sd.) Field with perforations between 4,564 and 4,584 feet. The well produced at a rate of 121 MCFD on initial test.
3. In February 2010, FIML received approval from the District Office to recompleted the well to test a Canyon Shale interval with perforations between 4,153 and 4,386 feet. This zone produced at a rate of 12 MCFD.
4. Downhole commingling of the Canyon Sand and Canyon Shale intervals will result in the recovery of an additional 37 MMCF of gas.
5. Estimated combined production is expected to be 20 MCFD.
6. Any crossflow which may occur between the two zones will be minimal due to the low permeability of the Shale.
7. The well is a regular location with respect to both the Adams-Baggett Ranch (Canyon Sd.) Field and the Wildcat Field.
8. Royalty and Working interests are identical with respect to all zones proposed for commingling.

**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 Rule 10 exception is necessary to prevent waste and will not harm correlative rights of mineral owners in the well.

**RECOMMENDATION**

Based on the above findings and conclusions of law, the examiner recommends that a Rule 10 exception be approved for the Adams Well No. 11I in the Adams-Baggett Ranch (Canyon Sd.) and Wildcat Fields.

Respectfully submitted,

Donna K. Chandler  
Technical Examiner