
* KEY ISSUES: Waste *
* Attic oil *
* *
* FINAL ORDER: R37 EXCEPTION GRANTED *

RULE 37 CASE NO. 0202120

APPLICATION OF W. L. PULS FOR AN EXCEPTION TO STATEWIDE RULE 37 FOR ITS J. T. WHITE HEIRS UNIT, WELL NO. 1, TURTLE BAYOU (MARG. FRIO) AND WILDCAT FIELDS, CHAMBERS COUNTY, TEXAS

APPEARANCES:

APPLICANT:

W. L. Puls
Layne Puls
I. D. Geddie
Frank Mathisen

REPRESENTING:

W. L. Puls

PROTESTANTS:

George Cowden III (Attorney)

Geilda and Melovee White

PROPOSAL FOR DECISION

PROCEDURAL HISTORY

APPLICATION FILED:	May 20, 1993
NOTICE OF HEARING:	June 22, 1993
HEARING HELD:	July 23, 1993
HEARD BY:	Jeffrey T. Pender, Hearings Examiner Thomas H. Richter, P.E., Technical Examiner
PFD CIRCULATED:	September 14, 1993

STATEMENT OF THE CASE

Mr. W. L. Puls has made application for a permit to drill his Well No. 1 on the 40-acre J. T. White Heirs Unit ("subject tract") 250 feet from the west line of the unit. The Form W-1 indicates the principal objective to be the Turtle Bayou (Marg. Frio) Field. Field rules for the Turtle Bayou (Marg. Frio) require a 467/1200 lease-line between-well spacing. This spacing exception is sought to prevent waste. The applicant does not argue that the proposed location is necessary to prevent confiscation.

The application was protested by Geilda and Melovee White, who are offset unleased mineral interest owners. The protestants cross-examined the applicant's witnesses but introduced no other evidence. Protestants' major concern is that the proximity of oil field operations would adversely affect their commercial development plans for the adjacent parcel.

DISCUSSION OF THE EVIDENCE

The following was uncontroverted: The proposed well is targeted for an anticlinal feature at the Marg. Frio level in the Turtle Bayou field. The feature has dip closure to the north, east and south, and is sealed on the west by a fault. Evidence of the fault can be found in the Corley Modesto White Nos. 1 and 2, and the Corley J. T. White wells. The Corley Modesto White No. 2 is the discovery well for the Turtle Bayou (Marg. Frio) Field. A year after completion the well started producing significant amounts of water, forcing the well to be abandoned.

Original recoverable reserves are estimated to be 151,000 BO. The applicant showed that the discovery well drained over 40,000 BO before watering out, leaving approximately 111,000 BO in place.

If the proposed well were spudded at the best regular location, 467 feet from the west line of the lease, there would remain, as attic oil, an estimated 22,000 BO. At the proposed location, 250 feet from the west line of the lease, virtually no attic oil would remain. In addition, there would not be any drainage of oil from the protestants' property to the west because of the sealing fault which is nearly coincident with the lease line separating the applicant's and protestants' properties.

The applicant showed that by locating the well at the proposed location, the chances of encountering the poor sand conditions and shale break found in the Corley J. T. White No. 1-A would be minimized. A well located 467 feet from the west line would be much closer to the Corley J. T. White No. 1-A and more likely to encounter similar undesirable reservoir properties.

The protestants cross-examined the applicant concerning a previous application for a Rule 37 exception on the same lease (Rule 37 Case No. 109,144). The uncontroverted response of the applicant asserts that the current application is for a different location. Moreover, the applicant is not now nor has the applicant ever been associated with the prior applicant concerning the lease.

FINDINGS OF FACT

1. Notice of this hearing was given on June 22, 1993, to all designated operators, lessees of record for tracts that have no designated operator and owners of record of unleased mineral interests for each adjacent tract and each tract nearer to the well than the prescribed minimum lease-line spacing distance.
2. W. L. Puls ("applicant") has applied on Form W-1 for a permit to drill Well No. 1 on the J. T. White Heirs Unit. Applicant proposes to drill its proposed well 250' from the west line of the lease. Applicant has applied for completion of its proposed well in the Turtle Bayou (Marg. Frio) and Wildcat Fields having spacing rules of 467' lease line and 1200' between-well spacing.
3. Production is dependent on penetrating the reservoir in a structurally high position.
4. There are unusual underground conditions on the tract for which the exception is sought:
 - a. The apex of the structure is at the proposed location.
 - b. All of the oil can only be recovered by a well at the apex of the structure.
 - c. Oil will not migrate off the tract or to a regular location during production due to the water drive and the structural configuration of the trap.
5. The subject tract's reserves cannot be recovered from a regular location or any other existing well.
6. The volume of oil that would not be recovered by a well at a regular location is substantial. Approximately 22,000 barrels of oil recoverable from the proposed location would be left in the reservoir if the applicant is required to drill at a regular location.

CONCLUSIONS OF LAW

1. Proper notice of hearing was timely given to all persons legally entitled to notice.
2. All things have occurred and have been done to give the Commission jurisdiction to decide this matter.
3. The J. T. White Heirs Unit, Well No. 1 will recover a substantial amount of oil unrecoverable by any other well at a regular location and thus is necessary to prevent waste.

EXAMINERS' RECOMMENDATION

The examiners recommend that an exception to Rule 37 be granted for the applicant's proposed location. A regular location on the tract would leave 22,000 BO in the structure. Only a well at the proposed location can recover this oil.

Respectfully submitted,

Jeffrey T. Pender
Hearings Examiner

Thomas H. Richter
Technical Hearings Examiner

JTP/kam