

THE APPLICATION OF SEQUOIA MANAGEMENT, LLC TO CONSIDER NEW FIELD DESIGNATION AND FIELD RULES FOR THE (PROPOSED) TOM LONG (LOWER WILCOX) FIELD, LAVACA COUNTY, TEXAS

Heard by: Donna K. Chandler on December 20, 2006

Appearances:

Jim Cowden
John Miller

Representing:

Sequoia Management, LLC

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Sequoia Management, LLC requests that a new field designation called the Tom Long (Lower Wilcox) Field be approved for its Tuttle Trust Gas Unit Well No. 1. Sequoia also requests that the following rules be adopted for the Tom Long (Lower Wilcox) Field:

1. Designation of the field as the correlative interval from 10,100 feet to 10,560 feet as shown on the log of the Tuttle Trust Gas Unit Well No. 1;
2. 467'-933' well spacing with 40 acre drilling units;
3. Allocation based on 95% deliverability and 5% per well.

There were no protests to this application and the examiner recommends approval of the new field designation and field rules.

DISCUSSION OF EVIDENCE

Sequoia Management, LLC completed its Tuttle Trust Gas Unit Well No. 1 in October 2006 with two sets of perforations in the Lower Wilcox from 10,209-10,286 feet and 10,340-10,419 feet. On initial test, the well produced at a maximum rate of 1,629 MCFD.

The new field designation should be approved for the Tuttle Trust Gas Unit No. 1. The proposed correlative interval for the field is from 10,100 feet to 10,560 feet as shown on the log of the Tuttle Trust Gas Unit No. 1. There is no comparable production within a 2 ½ mile radius of the well. A comparable zone has been tested in other wells, but no completion has been made. The deepest production with 2 ½ miles is from an Upper

Wilcox field at approximately 7,400 feet.

A two factor allocation formula is necessary for the proposed field designation to be considered a single field. Sequoia requests that allocation be based on 95% deliverability and 5% per well for the field. Sequoia requests that 40 acre drilling units be retained and that a 467'-933' well spacing rule be adopted for the new field.

Daystar Operating Company has recently obtained a permit to re-enter a well which will likely be tested in the correlative interval of the Tuttle Trust Gas Unit No. 1. Subsequent to the hearing, Daystar was notified of the hearing and did not object to the application.

FINDINGS OF FACT

1. Notice of this hearing was given to all persons entitled to notice and no protests were received.
2. Sequoia Management, LLC completed its Tuttle Trust Gas Unit No. 1 in October 2006 with two sets of perforations in the Lower Wilcox between 10,209 feet and 10,419 feet.
3. The Tuttle Trust Gas Unit No. 1 is entitled to a new field designation because there is no comparable production within 2 ½ miles.
4. The entire correlative interval from 10,100 feet to 10,560 feet as shown on the log of the Tuttle Trust Gas Unit Well No. 1 should be designated as the Tom Long (Lower Wilcox) Field.
5. Allocation based on 95% deliverability and 5% per well will protect correlative rights and meets statutory requirements for combining multiple productive zones into a single 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 will prevent waste, protect correlative rights and promote the orderly development of the field.

RECOMMENDATION

Based on the above findings and conclusions of law, the examiner recommends approval of the new field designation and adoption of field rules for the Tom Long (Lower Wilcox) Field.

Respectfully submitted,

Donna K. Chandler
Technical Examiner