

January 11, 2000

**OIL AND GAS DOCKET NO. 03-0223735**

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**THE APPLICATION OF JAMEX, INC. FOR NEW FIELD DESIGNATION AND TWO FACTOR ALLOCATION FORMULA FOR THE (PROPOSED) CHESTERVILLE, N.W. (PACK) FIELD, COLORADO COUNTY, TEXAS**

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

**Procedural history**

Application received: January 18, 2000

Hearing held: February 11, 2000

**Appearances**

Jerry Watkins	Representing Jamex, Inc.
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**EXAMINER'S REPORT AND RECOMMENDATION**

**STATEMENT OF THE CASE**

Jamex is seeking to have its Winterman "254" Lease Well No. 1 designated as the discovery well for a field to be known as Chesterville, N.W. (Pack) Field. Because the field contains multiple lenticular reservoirs a two factor allocation formula is necessary. Jamex is proposing the following rules:

1. Designated interval from 10,660 to 12,170 feet as shown on the log of the Jamex Winterman "254" Lease Well No. 1;
2. Allocation based 25% per well and 75% on deliverability

**DISCUSSION OF THE EVIDENCE**

The Winterman "254" Lease Well No. 1 was drilled in August of 1999, and perforated from 10,843 to 11,431 feet. There is comparable production within a 2-1/2 mile radius of the Winterman "254" Well No. 1, but this other field, the Chesterville, N. (Pack) Field, is fault-separated from Well No. 1. The top of the Pack interval is 360 feet shallower in the Winterman "254" Well No. 1 than it is in the nearest well in the Chesterville, N. (Pack) Field.

The initial test rate from the perforations in Well No. 1 was 2560 MCF/D, at an original

pressure of 4839 psi. The cumulative recovery since October, 1999, is 114 MMCF and 1300 BC, but the producing rate has declined to 250 MCF/D. The well was producing extra water from the bottom perforations and the operator shut-off some of the lowest perforations. Unfortunately this also reduced the daily gas production.

The applicant believes the Pack sands, which are part of the Wilcox Formation, extend from 10,660 to 12,170 feet in Well No. 1, and is requesting that this be the designated interval for the proposed Chesterville, N.W. (Pack) Field. Because the proposed designated interval includes multiple sandstones, separated by shaly or silty beds, a two-factor allocation formula is required by statute. The applicant, who also operates the Chesterville, N. (Pack) Field, requested that the same allocation formula--75% on deliverability and 25% per well--be adopted for this new field.

### **FINDINGS OF FACT**

1. Notice of this hearing was given to all operators in the proposed Chesterville, N.W. (Pack) Field and to all offset operators to the discovery tract on January 28, 2000.
2. The discovery well for the field, the Jamex, Inc. Winterman "254" Well No. 1, was completed in September of 1999, in a previously unproduced reservoir.
3. The Chesterville, N. (Pack) Field produces from the same stratigraphic interval but is fault-separated from the Winterman "254" Well No. 1.
4. Well No. 1 was perforated between 10,843 and 11,431 feet, and tested at a rate of 2560 MCF, with original pressure of 4839 psi.
5. Cumulative production since October, 1999, is 11,400 MMCF and 1300 BC, and current production is about 250 MCF/D.
6. The Pack sand section is part of the Wilcox Formation and extends from 10,660 feet to 12,170 feet on the log of the discovery well in this proposed field.
7. The Pack interval consists of multiple sandstones separated by shaly and silty beds.
8. Allocation based 25% per well and 75% on deliverability will protect correlative rights and satisfy statutory requirements.

### **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 Jamex, Inc. Winterman "254" Lease Well No. 1 is entitled to be considered a new field discovery as it produces from a reservoir that has not been produced before.
4. The requested field rules will prevent waste, protect correlative rights within the field, and satisfy statutory requirements.

**EXAMINER'S RECOMMENDATION**

Based on the above findings and conclusions, the examiner recommends that the Jamex Winterman "254" Lease Well No. 1 be considered the discovery well for a new field and that the two requested field rules for the newly-designated Chesterville, N.W. (Pack) Field be approved.

Respectfully submitted,

Margaret Allen  
Technical Hearings Examiner

Date of Commission Action: March 10, 2000