

**THE APPLICATION OF ASPECT RESOURCES LLC TO CONSIDER A NEW FIELD DESIGNATION AND TEMPORARY FIELD RULES FOR THE PROPOSED SKI A BASIN (FRIO 2) FIELD, JEFFERSON COUNTY, TEXAS**

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**Heard by:** Donna K. Chandler on April 20, 2001

**Appearances:**

Rick Johnston  
Mickey Olmstead

**Representing:**

Aspect Resources LLP

**EXAMINER'S REPORT AND RECOMMENDATION**

**STATEMENT OF THE CASE**

Aspect Resources LLC requests that a new field designation called the Ski A Basin (Frio 2) Field be approved. Aspect also requests that the following rules be adopted for the field on a temporary basis:

1. Designation of the field as the correlative interval from 9,700 feet to 10,308 feet as shown on the log of the Pipkin Ranch No. 1;
2. Well spacing a minimum of 660 feet from lease lines and 1,320 feet between wells;
3. 320 acre gas units with 10% tolerance and a maximum diagonal of 6,500 feet;
4. Allocation based on 95% deliverability and 5% acreage.

Aspect also requests cancellation of all overproduction for its Pipkin Ranch No. 1.

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

**DISCUSSION OF EVIDENCE**

Aspect Resources completed its Pipkin Ranch No. 1 on February 8, 2001 with perforations in the Frio between 10,286 feet and 10,298 feet. The well was tested at a rate of 3,693 MCFD. The latest test was 2,653 MCFD on April 16, 2001. The initial bottomhole pressure was 4,228 psia.

The nearest production at a comparable depth is the Pipkin No. 1 in the Big Hill (Frio A 10200) Field over two miles to the northeast. This well was plugged and abandoned in April 2000. There is only one producing well within a 2 ½ mile radius, the Wilber No. 1 approximately two miles to the north. The Wilber No. 1 produces from a depth of approximately 12,800 feet.

The subject Frio reservoir has average porosity of 23% and average water saturation is 35%. The net pay thickness in the Pipkin Ranch No. 1 is 8 feet. Aspect estimates that the Pipkin Ranch No. 1 will ultimately recover 2.33 BCF of gas, assuming a 35% annual decline rate. This equates to a drainage area of 317 acres.

The top of the Frio 2 is found at 9,700 feet. Aspect plans to perforate an interval at approximately 9,720 feet. It is requested that the entire Frio 2 be considered a single field. A two factor allocation formula is necessary to meet statutory requirements. Aspect requests that allocation be based on 95% deliverability and 5% acreage.

In conjunction with the 320 acre density, Aspect requests 660' - 1,320' well spacing, which is normally adopted for 80 acre units. The closer spacing will provide maximum flexibility in locating wells based on 3-D seismic data.

### **FINDINGS OF FACT**

1. Notice of this hearing was given to all persons entitled to notice at least ten days prior to the date of hearing.
2. The Pipkin Ranch No. 1 was completed on February 8, 2001 with perforations in the Frio between 10,286 feet and 10,298 feet.
3. The Pipkin Ranch No. 1 is entitled to a new field designation.
  - a. The well had virgin pressure of 4,228 psia.
  - b. There is no comparable production within a 2 ½ mile radius.
4. The Pipkin No. 1 can be expected to drain approximately 320 acres.
  - a. The Pipkin Ranch No. 1 will ultimately recover 2.33 BCF of gas, assuming a 35% annual decline rate.
  - b. The calculated drainage area for the well is 317 acres.
5. The requested 660'-1,320' well spacing rule will provide flexibility in locating wells at optimum locations based on 3-D seismic.

6. Allocation based on 95% deliverability and 5% acreage is a reasonable formula which meets statutory requirements for combining multiple stratigraphic intervals into a single field.
7. Cancellation of overproduction will not harm correlative rights.

**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, adoption of field rules and cancellation of overproduction 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, adoption of temporary field rules, and cancellation of overproduction for the Pipkin Ranch No. 1.

Respectfully submitted,

Donna K. Chandler  
Technical Examiner