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**THE APPLICATION OF COASTAL OIL & GAS CORPORATION FOR NEW FIELD DESIGNATION AND RULES FOR THE (PROPOSED) SAMANO (FOURTH MASSIVE) FIELD, STARR COUNTY, TEXAS**

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

**Hearing Date:** March 29, 2001

**Appearances:**

**Representing:**

James Cowden  
Terry Payne

Coastal Oil & Gas Corporation

David Gross  
Jim Troxel

Thorp Petroleum

**EXAMINER'S REPORT AND RECOMMENDATION**

**STATEMENT OF THE CASE**

Coastal Oil & Gas Corporation requests that a new field designation called the Samano (Fourth Massive) Field be approved for its Samano Well No. 19. Coastal also requests that the following field rules be adopted for the field:

1. Designation of the field as the correlative interval from 8,523 feet to 9,469 feet as shown on the log of the Samano No. 19;
2. 467'-933' well spacing;
3. Allocation based on 95% deliverability and 5% per well.

Coastal requests that the statewide density rule requiring 40 acre drilling units remain in effect and that there be no rule prescribing proration units.

This application was unopposed and the examiner recommends approval of the new field designation and proposed rules for the Samano (Fourth Massive) Field.

### **DISCUSSION OF THE EVIDENCE**

Coastal completed its Samano No. 19 in January 2000. The Fourth Massive interval was perforated between 8,556 feet and 9,466 feet. On initial test, this zone produced 1,936 MCFD. The shut-in bottomhole pressure was 6,181 psia, equating to a gradient of 0.65 psia/foot.

In late January, the Fourth Massive was isolated below a bridge plug and perforations were added at 8,178-8,271 feet in the Third Massive. After testing the Third Massive, it was isolated and the Second Massive was perforated at 7,354-7,589 feet. Since February 2, the No. 19 has produced solely from the Second Massive. A Rule 10 Exception for the commingled production is currently being requested through the administrative process. The current rate of production from the well is approximately 4,500 MCFD from the Second Massive.

There are 179 wells within the 2 ½ mile radius of review. Only 13 of these wells have perforations below 7,500 feet. The nearest production at a comparable depth is from the Flores, West Field which produces from the Vicksburg Geopressure approximately 2 miles to the northeast. There is no other Fourth Massive production within 2 ½ miles.

There are many other Vicksburg fields in the immediate area. Most of these fields operate under rules similar to those proposed for the Samano (Fourth Massive) Field. Coastal requests that the statewide density of 40 acres be continued in this field but that a closer between well spacing rule of 933 feet be adopted for the field. This closer spacing will provide flexibility in recompleting or commingling wells in other fields.

A two factor allocation formula is necessary for the proposed interval to be considered a single field because the interval consists of multiple, stratigraphic pay zones. Coastal requests that allocation be based on 95% deliverability and 5% per well.

### **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. No protests were received.
2. The Samano No. 19 was completed by Coastal Oil & Gas Corp. in January 2000 with perforations in the Fourth Massive between 8,556 feet and 9,466 feet. The Fourth Massive is currently isolated beneath a bridge plug awaiting a Rule 10 Exception.
3. The Samano No. 19 is entitled to a new field designation in the Fourth Massive.
  - a. The shut-in bottomhole pressure was 6,181 psia, equating to a gradient of 0.65 psia/foot.

- b. Of the 179 wells within the 2 ½ mile radius of review, only 13 have perforations below 7,500 feet.
- c. There is no other Fourth Massive production within 2 ½ miles.
- 4. Well spacing a minimum of 467 feet from lease lines and 933 feet between wells will provide flexibility in locating wells in this field and is common for Vicksburg fields in this area.
- 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 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. Approval of the new field designation and field rules for the Samano (Fourth Massive) Field will protect correlative rights, prevent waste and promote and orderly development of the field.

**EXAMINER'S RECOMMENDATION**

Based on the above findings and conclusions, the examiner recommends that a new field designation be approved called the Samano (Fourth Massive) Field and that field rules be adopted for the field as proposed by Coastal.

Respectfully submitted,

Donna Chandler  
Technical Examiner