



# RAILROAD COMMISSION OF TEXAS

## OFFICE OF GENERAL COUNSEL

November 9, 2006

OIL AND GAS DOCKET NO. 06-0249183

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APPLICATION OF DALLAS OPERATING CORP. TO CONSIDER NEW FIELD DESIGNATION AND FIELD RULES FOR THE PROPOSED INDIAN LAKE (TRAVIS PEAK) FIELD, ANDERSON COUNTY, TEXAS

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**HEARD BY:** Thomas H. Richter, P.E.

**DATE OF HEARING:** November 8, 2006

**APPEARANCES:**

**REPRESENTING:**

Dale E. Miller  
Glays Leal

Dallas Operating Corp.

### EXAMINER'S REPORT AND RECOMMENDATION STATEMENT OF THE CASE

This is the unopposed application of Dallas Operating for a new field designation and field rules for the proposed Indian Lake (Travis Peak) Field which provide for:

1. The entire combined correlative interval from 10,312' to 10,873' as shown on the Platform Express 150 Log of the Dallas Operating Corp., Covington Lease Well No. 2 (API No. 42-001-32501), T. N. Little Survey, A-496, Anderson County, Texas should be designated as the Indian Lake (Travis Peak) Field.
2. A two-factor allocation formula based on 95% W-10 potential and 5% per well.

At the hearing Dallas Operating requested that the 95% deliverability factor in the allocation formula be changed to W-10 potential as the subject well is classified as an oil well and hence the reservoir would be classified as oil. It is also proposed that any overproduction be cancelled. The examiner recommends approval of the application.

### DISCUSSION OF THE EVIDENCE

The proposed Indian Lake (Travis Peak) was discovered on June 28, 2006, by completion of the Dallas Operating Corp., Covington Lease Well No. 2 through perforations from 10,312' to 10,873' subsurface depth. The well was originally filed as a gas well, however, a subsequent PVT

analysis indicated the well should be classified as an oil well. The well potentialed at 120 BOPD, 273 MCFD, 115 BWPD flowing on a 13/64ths choke with a flowing tubing pressure of 1025 psig. The gas-oil ratio was 2,275 cubic feet of gas per barrel of oil. The oil gravity was 52.95° API. The well was fracture stimulated. The measured bottomhole pressure was 3,671 psig. The cumulative production is 23,800 BO and 11 MMCF of casinghead gas. The current production rate is 48 BOPD and 103 MCFD of casinghead gas.

The Indian Lake (Travis Peak) Field is a new field designation as there are no other wells completed in the Travis Peak Formation within 2.5 miles of the subject well. The entire combined correlative interval from 10,312' to 10,873' as shown on the Platform Express 150 Log of the Dallas Operating Corp., Covington Lease Well No. 2 (API No. 42-001-32501), T. N. Little Survey, A-496, Anderson County, Texas should be designated as the Indian Lake (Travis Peak) Field. The interval represents the entire Travis Peak Formation encountered in the well.

Because the proposed new field is combining multiple productive zones, a two-factor allocation formula is necessary for the protection of correlative rights pursuant to State Statutes. The proposed two-factor allocation formula based on 95% W-10 potential and 5% per well satisfies this requirement.

#### FINDINGS OF FACT

1. Notice of this hearing was sent to all affected persons in the subject area field at least ten (10) days prior to the subject hearing.
2. There was no protest at the call of the hearing.
3. The proposed Indian Lake (Travis Peak) was discovered on June 28, 2006, by completion of the Dallas Operating Corp., Covington Lease Well No. 2 through perforations from 10,312' to 10,873' subsurface depth.
4. The Indian Lake (Travis Peak) Field is a new field designation as there are no other wells completed in the Travis Peak Formation within 2.5 miles of the subject well.
5. The entire combined correlative interval from 10,312' to 10,873' as shown on the Platform Express 150 Log of the Dallas Operating Corp., Covington Lease Well No. 2 (API No. 42-001-32501), T. N. Little Survey, A-496, Anderson County, Texas should be designated as the Indian Lake (Travis Peak) Field. The interval represents the entire Travis Peak Formation encountered in the well.
6. Because the proposed new field is combining multiple productive zones, a two-factor allocation formula is necessary for the protection of correlative rights pursuant to State Statutes.

- a. The proposed two-factor allocation formula based on 95% W-10 potential and 5% per well satisfies this requirement.
7. Cancellation of overproduction will not harm correlative rights

CONCLUSIONS OF LAW

1. Proper notice was given to all parties as set out in the provisions of all applicable codes and regulatory statutes.
2. All things have occurred and been accomplished to give the Commission jurisdiction in this matter.
3. Adoption of the proposed new field designation and field rules will prevent waste, foster conservation and protect correlative rights.

EXAMINER'S RECOMMENDATION

Based on the above findings and conclusions of law, the examiner recommends approval of the proposed new field designation and field rules for the Indian Lake (Travis Peak) Field.

Respectfully submitted,



Thomas H. Richter, P.E.  
Technical Examiner  
Office of General Counsel