



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL AND GAS DOCKET NO. 01-0283068

THE APPLICATION OF MODERN EXPLORATION, INC. TO CONSIDER EXCEPTIONS TO STATEWIDE RULE NOS. 11 AND 12 FOR THE BRUNS-MILLER UNIT, WELL NO. 1, PILGRIM (AUSTIN CHALK) FIELD, GONZALES COUNTY, TEXAS

HEARD BY: Richard D. Atkins, P.E. - Technical Examiner
Laura Miles-Valdez - Legal Examiner

DATE OF HEARING: July 11, 2013

APPEARANCES:

REPRESENTING:

APPLICANT:

David Nelson
Heath Yost

Modern Exploration, Inc.

EXAMINERS' REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Modern Exploration, Inc. ("Modern") requests exceptions to Statewide Rule Nos. 11 and 12 relating to the running and filing of directional surveys for the Bruns-Miller Unit, Well No. 1, Pilgrim (Austin Chalk) Field, Gonzales County, Texas. The subject well's completion papers were misplaced in the RRC District 1 Office in 2004 and the Commission staff would not approve the requested exceptions administratively after the completion papers were discovered in 2011.

This application is unopposed and the examiners recommend approval of the requested exceptions to Statewide Rule Nos. 11 and 12, as requested by Modern.

DISCUSSION OF THE EVIDENCE

Statewide Rule Nos. 11 and 12 require that "...a competent surveying company run and file a directional survey report with its accompanying certification and certified plat showing the bottomhole location oriented to the surface location and to the lease or unit lines".

The Bruns-Miller Unit, Well No. 1, is a horizontal drainhole well that was re-drilled into the Pilgrim (Austin Chalk) Field from the Christian (6800) Field. Modern was issued Drilling Permit No. 541588 on February 2, 2004. The well was subsequently drilled and completed and Modern submitted the completion paperwork to the RRC District 1 Office on September 10, 2004. The District Office misplaced the completion paperwork and the well remained in the Christian (6800) Field. On November 4, 2011, the District Office staff discovered the completion paperwork that was date stamped September 10, 2004. However, the original certified directional survey report was never located and the directional surveying company is no longer in business.

On November 18, 2011, a new From P-4 was issued by Commission staff and the subject well was transferred into the Pilgrim (Austin Chalk) Field. On January 31, 2012, Commission staff also granted a one year extension to file a certified directional survey report. The surveying company was Calco International, LLC ("Calco") and the Secretary of State's Office shows that the company forfeited its charter on September 30, 2005. Modern was unable to locate any of the former Calco employees to get a certified copy of the directional survey, so the Commission staff sealed the well on March 16, 2013.

Modern was able to contact, William Riley, an independent drilling consultant who supervised the drilling operations on the above referenced well. The consultant signed and submitted an Affidavit of Fact and copies of the directional surveys performed by Calco. In the Affidavit of Fact, the consultant certified that the directional surveys were true and correct copies and afforded a true and correct representation of the findings as to the nature and conditions of the well at the time the surveys were made. Commission staff would not approve the requested exceptions administratively and suggested that Modern request a hearing for exceptions to Statewide Rule Nos. 11 and 12.

EXAMINERS' OPINION

The examiners recommend that the exceptions to Statewide Rule Nos. 11 and 12 be approved. Modern did not intentionally deviate the subject well from what was permitted on the drilling permit and was able to obtain a copy of the required inclination surveys. In the Affidavit of Fact, the consultant certified that the directional surveys were true and correct copies and afforded a true and correct representation of the findings as to the nature and conditions of the well at the time the surveys were made. In addition, if the paperwork had not been lost or misplaced by Commission staff, Modern could have gotten this issue resolved prior to the survey company going out of business.

FINDINGS OF FACT

1. Notice of this hearing was given to all persons entitled to notice at least ten (10) days prior to the hearing and no protest was received.

2. The Bruns-Miller Unit, Well No. 1, is a horizontal drainhole well that was re-drilled into the Pilgrim (Austin Chalk) Field from the Christian (6800) Field.
 - a. Modern Exploration, Inc. ("Modern") was issued Drilling Permit No. 541588 on February 2, 2004.
 - b. The well was subsequently drilled and completed and Modern submitted the completion paperwork to the RRC District 1 Office on September 10, 2004.
 - c. The District Office misplaced the completion paperwork and the well remained in the Christian (6800) Field.
 - d. On November 4, 2011, the District Office staff discovered the completion paperwork that was date stamped September 10, 2004.
 - e. The original certified directional survey report was never located and the directional surveying company is no longer in business.
3. On November 18, 2011, a new From P-4 was issued by Commission staff and the subject well was transferred into the Pilgrim (Austin Chalk) Field.
4. On January 31, 2012, Commission staff granted a one year extension to file a certified directional survey report.
 - a. The surveying company was Calco International, LLC ("Calco") and the Secretary of State's Office shows that the company forfeited its charter on September 30, 2005.
 - b. Modern was unable to locate any of the former Calco employees to get a certified copy of the directional survey, so the Commission staff sealed the well on March 16, 2013.
5. Modern was able to contact, William Riley, an independent drilling consultant who supervised the drilling operations on the above referenced well.
 - a. The consultant signed and submitted an Affidavit of Fact and copies of the directional surveys performed by Calco.
 - b. In the Affidavit of Fact, the consultant certified that the directional surveys were true and correct copies and afforded a true and correct representation of the findings as to the nature and conditions of the well at the time the surveys were made.

- c. Commission staff would not approve the requested exceptions administratively and suggested that Modern request a hearing for exceptions to Statewide Rule Nos. 11 and 12.
- 6. Exceptions to Statewide Rule Nos. 11 and 12 are appropriate for the Bruns-Miller Unit, Well No. 1, in the Pilgrim (Austin Chalk) Field.
 - a. Modern did not intentionally deviate the subject well from what was permitted on the drilling permit and was able to obtain a copy of the required inclination surveys.
 - b. In the Affidavit of Fact, the consultant certified that the directional surveys were true and correct copies and afforded a true and correct representation of the findings as to the nature and conditions of the well at the time the surveys were made.
 - c. If the paperwork had not been lost or misplaced by Commission staff, Modern could have gotten this issue resolved prior to the survey company going out of business.


CONCLUSIONS OF LAW


- 1. Proper notice was timely given to all parties entitled to notice pursuant to applicable statutes and rules.
- 2. All things have occurred and have been accomplished to give the Commission jurisdiction in this case.
- 3. Approval of the requested exceptions to Statewide Rule Nos. 11 and 12 relating to the running and filing of directional surveys for the Bruns-Miller Unit, Well No. 1, will not cause waste or harm correlative rights.

EXAMINERS' RECOMMENDATION

Based on the above findings of fact and conclusions of law, the examiners recommend that the Commission grant the exceptions to Statewide Rule Nos. 11 and 12 for the Bruns-Miller Unit, Well No. 1, in the Pilgrim (Austin Chalk) Field, as requested by Modern Exploration, Inc.

Respectfully submitted,


Richard D. Atkins, P.E.
Technical Examiner


Laura Miles-Valdez
Legal Examiner