

**OIL AND GAS DOCKET NO. 08-0252138**

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**THE APPLICATION OF IMPERIAL GAS RESOURCES, LLC TO CONSIDER AN EXCEPTION TO STATEWIDE RULE 11 TO ALLOW COMPLETION WITHOUT AN INCLINATION SURVEY FOR THE DORAN LEASE WELL NO. 4, T.C.I., WEST (SEVEN RIVERS) FIELD, PECOS COUNTY, TEXAS**

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**HEARD BY:** Andres J. Trevino, P.E. on July 25, 2007

**APPLICANT:**

George C. Neale  
Rick Johnston  
Frank Cox

**REPRESENTING:**

Imperial Gas Resources, LLC

**EXAMINER'S REPORT AND RECOMMENDATION**

**STATEMENT OF THE CASE**

Imperial Gas Resources, LLC requests an exception to Statewide Rule 11 for its Doran Well No. 4 in the T.C.I., West (Seven Rivers) Field. Imperial requests that it not be required to run an inclination survey to the depth of 2,250 feet, the depth to which the well was drilled vertically.

This application was unopposed and the examiner recommends approval of the requested exception to Statewide Rule 11.

**DISCUSSION OF THE EVIDENCE**

The Doran Well No. 4 was granted an amended drilling permit on May 3, 2007 to an amended depth of 2,250 feet. The well is permitted for the T.C.I., West (Seven Rivers) Field. The field rules require a minimum distance of 330 feet from the nearest lease line. The Form W-1 shows a distance of 330 feet from the surface location to the north and east lease lines. The well was permitted as a vertical well.

The Doran No. 4 was completed as a marginal gas well by a partner that farmed-out the lease from Imperial. The G-1 filed shows an initial potential of 11 MCFPD. Imperial assumed responsibility for the well when the partner walked away from the well. Imperial received a letter from the Commission's proration department informing them the well is over produced by 3,874 MCF as of April 1, 2007 because the well did not have an

allowable. An allowable was not assigned as a W-12 (inclination report) was not filed. Imperial does not possess an inclination report for the well and is not aware if one was performed.

Imperial collected and reviewed inclination reports from ten wells in Section 13. The inclination surveys from the wells in the area show the average inclination angle of 1.34 degrees, with a maximum of 1.808 degrees. The Bass, A.M. Testa Well No. 2 received an administrative waiver from the Commission from filing a W-12 as drilling records were not available. The Bass, A.M. Testa Well No. 2 received an allowable to produce.

Imperial does not believe it should be required to run an inclination survey for the well to get an allowable. Imperial stated their plans are to deepen the well to 3,300 feet to reach the Clearfork when a rig becomes available. At that time Imperial will run an inclination survey for the deepened well.

### **EXAMINER'S OPINION**

The examiner recommends that the exception to Statewide Rule 11 be approved. Inclination surveys from 10 wells in the area show the average inclination angle of 1.34 degrees, with a maximum of 1.808 degrees. Assuming 1.808 degrees, the maximum cumulative displacement at 2,250 feet would be 71 feet. The distance to the nearest lease line is 330 feet. The well would require an inclination angle of 8.434 degrees to reach the lease line. The well is a modest gas producer and will unlikely drain offset leases. The well will have an inclination survey performed if the well is ever deepened. An inclination survey should not be required to get an allowable to produce the current interval.

### **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.
2. On May 3, 2007, an amended drilling permit was approved for the Doran Well No. 4 to a depth of 2,250 feet.
  - a. The permitted field is the T.C.I., West (Seven Rivers) Field, which requires a minimum distance of 330 feet from the nearest lease line.
  - b. The Form W-1 shows a distance of 330 feet from the surface location to the north and east lease lines.
  - c. The well was permitted as a vertical well, not a directional well.
3. When the well was completed, Imperial had determined that an inclination survey was not performed.

4. The G-1 for the Doran Well No. 4 shows an initial potential of 11 MCF of gas per day.
5. The well was not intentionally drilled from vertical.
6. Inclination surveys from ten wells in the area show all wells are drilled with small angles of inclination .
  - a. The average inclination angle was 1.34 degrees for the ten wells.
  - b. The maximum inclination angle was 1.808 degrees for any of the ten wells.
  - c. Assuming 1.808 degrees inclination, the maximum cumulative displacement at 2,250 feet would be 71 feet.

#### **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 exception to Rule 11 for the Doran Well No. 4 will not cause waste or harm correlative rights.

#### **EXAMINER'S RECOMMENDATION**

It is recommended that Imperial Gas Resources, LLC be granted an exception to Rule 11 for its Doran Well No. 4. Imperial is not required to run an inclination survey for the well for the assignment of an allowable, assuming all other required completion papers have been properly filed.

Respectfully submitted;

Andres J. Trevino, P.E.  
Technical Hearings Examiner