

**THE APPLICATION OF IMPERIAL GAS RESOURCES, LLC TO CONSIDER AN EXCEPTION TO STATEWIDE RULE 11 TO ALLOW COMPLETION WITHOUT AN INCLINATION SURVEY FOR THE TESTA LEASE WELL NO. 5R, T.C.I., WEST (SEVEN RIVERS) FIELD, PECOS COUNTY, TEXAS**

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**Heard By:** Richard D. Atkins, P.E. - Technical Examiner

**Date of Hearing:** May 29, 2008

**Appearances:**

George C. Neale  
Rick Johnston

**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 Testa Lease Well No. 5R 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 2,150 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 Testa Lease Well No. 5R was granted an amended drilling permit on January 3, 2008 to an amended depth of 2,200 feet. The well is permitted for the T.C.I., West (Seven Rivers), T.C.I., West (Queen) and T.C.I., West (Yates) Fields. 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 southeast lease line and 340 feet from the surface location to the southwest lease line. The well was permitted as a vertical well.

Imperial is producing the well from an open hole section from 970 feet to 2,150 feet. This interval contains the Yates, Queen and Seven River formations. As a result, Imperial requested and received an exception to SWR 10 to downhole commingle the three producing field intervals on January 4, 2008.

The Testa Lease Well No. 5R was drilled by a partner that farmed-out the lease from Imperial. Imperial assumed responsibility for the well when the partner walked away from the well prior to completion. Imperial completed the well and filed a G-1 that shows an initial potential of 50 MCFGPD. 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 an average inclination angle of 1.347 degrees, with a maximum of 1.808 degrees. Assuming 1.808 degrees, the maximum cumulative displacement at 2,150 feet would be 68 feet. The distance to the nearest lease line is 330 feet. The well would require an inclination angle of 8.829 degrees to reach the lease line. The well is a modest gas producer and will unlikely drain offset leases.

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. In addition, Imperial requested and received an exception to SWR 11 on its Doran Lease Well No. 4 on May 29, 2008.

Imperial does not believe it should be required to run an inclination survey for the well to get an allowable to produce the current interval. Imperial stated that they have plans to deepen the well to 3,300 feet to reach the Clearfork formation. At that time, Imperial will run an inclination survey for the deepened well.

### **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 January 3, 2008, an amended drilling permit was approved for the Testa Lease Well No. 5R to a depth of 2,200 feet.
  - a. The well is permitted for the T.C.I., West (Seven Rivers), T.C.I., West (Queen) and T.C.I., West (Yates) Fields.
  - b. The Form W-1 shows a distance of 330 feet from the surface location to the southeast lease line and 340 feet from the surface location to the southwest lease line.
  - 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 Testa Lease Well No. 5R shows an initial potential of 50 MCFGPD.
5. The well was not intentionally drilled from vertical.
6. Inclination surveys from ten wells in the area show small angles of inclination.
  - a. The average inclination angle was 1.347 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 2,150 feet would be 68 feet.
  - d. The well would require an inclination angle of 8.829 degrees to reach the lease line.

**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 Testa Lease Well No. 5R 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 Testa Lease Well No. 5R. 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;

Richard D. Atkins, P.E.  
Technical Examiner