

February 28, 2001

**OIL AND GAS DOCKET NO. 02-0227423**

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**THE APPLICATION OF COASTAL OIL & GAS CORP. TO CONSOLIDATE THE KASPAR, S. (KASPAR) AND KASPAR (LOWER WILCOX, RYNE) FIELDS INTO THE KASPAR, S. (KNAVE) FIELD AND AMEND FIELD RULES FOR THE KASPAR, S. (KNAVE) FIELD, DEWITT COUNTY, TEXAS**

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**Heard by:** Margaret Allen, Technical Hearings Examiner

**Procedural history**

Application received: February 6, 2001

Hearing held: February 27, 2001

**Appearances**

	Representing
James Cowden	Coastal Oil & Gas Corp.
Terry D. Payne	
Scott C. Piper	Himself

**EXAMINER'S REPORT AND RECOMMENDATION**

**STATEMENT OF THE CAS**

Coastal Oil & Gas is seeking standing and if standing is granted, to consolidate the Kaspar, S. (Kaspar) and Kaspar (Lower Wilcox, Ryne) Fields into the Kaspar, S. (Knave) Field. Field rules for the Kaspar, S. (Knave) Field were adopted February 1, 1993, and are summarized as follows:

1. Designated interval from 13,022 to 13,538 feet as shown on the log of the Arco Oil & Gas Kuester Well No. 2; and
2. allocation based 25% per well and 75% on deliverability.

Coastal is proposing that Rule 1 be amended to the following:

1. Designated interval from 12,950 to 14,860 feet as shown on the log of the Coastal Oil & Gas Matocha Garrett Lease, Well No. 1.

Scott Piper appeared at the hearing as an interested observer.

### **DISCUSSION OF THE EVIDENCE**

Coastal completed its Matocha Garrett Lease Well No. 1 in September of 2000, and has filed forms to place this well in the Kaspar, S. (Kaspar) Field. At present, there are no wells on the proration schedule in the Kaspar, S. (Kaspar) Field, nor in the Kaspar (Lower Wilcox, Ryne) Field. The only field that is active on the proration schedule is the Kaspar, S. (Knave) Field where Cliffwood has two producing gas wells. Cliffwood has no objection to this application as long as the allocation formula remains suspended for the Kaspar, S. (Knave) Field.

The Matocha Garrett No. 1 has numerous sets of perforations with the shallowest perforation at 13,120 feet and deepest at 14,858 feet. The highest initial test rate was 1336 MCF per day and current production is 700 to 800 MCF per day.

Coastal proposes using the log of this well to show the correlative interval for the consolidated field. In the log of this well, the top of the designated interval at 12,950, is approximately correlative to the top of the designated interval for the Kaspar, S. (Knave) Field in the Arco Oil & Gas Kuester Well No. 2. The producing interval in the discovery well for the Kaspar, S. (Kaspar) Field, the Arco Kuester Well No. 1, is between 14,030 and 14,100 feet. The producing interval in the discovery well of the Kaspar (Lower Wilcox, Ryne) Field, the Texoma Producing Co. Kaspar Lease Well No. 1, is between 14,260 and 14,354 feet. The base of the amended designated interval as proposed in the Matocha Garrett Well No. 1 is at 14,860 feet, near the total depth of the well.

This same lower Wilcox interval has been consolidated in several other fields in the area, including the Dry Hollow (Wilcox Massive) Field that is two miles to the northeast. The Kaspar, S. (Knave) Field already has a two-factor allocation formula that will not need to be amended due to the field consolidation. The Kaspar, S. (Kaspar) Field was discovered in 1991 and the Kaspar (Lower Wilcox, Ryne) Field was discovered in 1985. Both are on statewide rules.

Cumulative production in the one well ever completed in the Kaspar (Lower Wilcox, Ryne) Field was 69 MMCF, and cumulative production in the only well with a production history in the Kaspar, S. (Kaspar) Field was 405 MMCF. One of the two wells in the Kaspar, S. (Knave) Field has produced 1,500 MMCF since 1992, and the other, a recompletion from the Kaspar, S. (Kaspar) Field, has produced 877 MMCF. It is not economically feasible for wells to produce these deep, low permeability sands sequentially. Coastal has already filed an application to have its well designated as producing from tight gas sands.

There has been less than 2000 psi pressure difference measured among the four wells, and all the completions in the proposed consolidated interval have a pressure gradient of 0.8 to 0.9 psi per foot of depth. All of the completions produce a small amount of water, but the drive mechanism is depletion. Gas analyses are similar, indicating that even if there is a small amount of cross flow between the sandstones when the wells are shut-in, there would be no waste.

**FINDINGS OF FACT**

1. Notice of this hearing was given to all operators in the Kaspar, S. (Kaspar); Kaspar, S. (Knave) and Kaspar (Lower Wilcox, Ryne) Fields on February 16, 2001.
2. The Kaspar, S. (Kaspar) Field was discovered in 1991 and the only well with any production history from the field produced 405 MMCF before being recompleted.
3. The Kaspar (Lower Wilcox Ryne) Field was discovered in 1985, and the only well ever completed in the field produced just 69 MMCF before being abandoned.
4. There are two wells in the Kaspar, S. (Knave) Field, both operated by Cliffwood.
5. The designated interval already adopted in the Kaspar, S. (Knave) Field extends from 13,022 to 13,538 feet, and the field has a two-factor allocation formula based 25% per well and 75% on deliverability.
6. The applicant has recently completed its Matocha Garrett Lease Well No. 1 with perforations between 13,120 and 14, 858 feet in the lower Wilcox.
7. All of the subject fields produce from the Lower Wilcox which has already been consolidated within a designated interval in other area fields.
8. The proposed type interval for the consolidated field is from 12,950 to 14,860 feet as shown on the log of the Coastal Oil & Gas Matocha Garrett Lease, Well No. 1.
9. All of the subject fields have statewide spacing and density rules.
10. The sandstones within the proposed designated interval have low permeability and productivity and have similar rock and fluid properties.

**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. Consolidation of the Kaspar, S (Kaspar) and Kaspar (Lower Wilcox, Ryne) Fields into the Kaspar, S. (Knave) Field will promote conservation.
4. The requested amendment to the field rules for the Kaspar, S. (Knave) Field will prevent waste and promote conservation.

**EXAMINER'S RECOMMENDATION**

Based on the above findings and conclusions, the examiner recommends consolidation of the Kaspar, S. (Kaspar) and Kaspar (Lower Wilcox, Ryne) Fields into the Kaspar, S. (Knave) Field. The log of the Coastal Oil & Gas Matocha Garrett Lease, Well No. 1, between 12,950 and 14,860 feet, should become the designated interval for the Kaspar, S. (Knave) Field.

Respectfully submitted,

Margaret Allen  
Technical Hearings Examiner

Date of Commission Action: March 20, 2001

**EXHIBITS**

1. Proration schedules
2. Map
3. New field discovery for Kaspar, S. (Kaspar) Field
4. New field discovery for Kaspar (Lower Wilcox, Ryne) Field
5. New field discovery for Kaspar, S. (Knave) Field
6. Cross section
7. Forms G-1
8. Data sheet for wells
9. Production graphs
10. Pressure data
11. Gas analyses