OIL AND GAS DOCKET NO. 02-0250154

THE APPLICATION OF TRANSCONTINENTAL MINERALS CORP. TO CONSOLIDATE VARIOUS FIELDS INTO THE (PROPOSED) POWDER RIVER (CONSOLIDATED) FIELD, GOLIAD COUNTY, TEXAS

Heard by: Donna K. Chandler on February 2, 2007

Appearances:	**Representing:**
Keith Masters	Transcontinental Minerals Corp.

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Transcontinental Minerals, Corp. requests that the 51 fields listed in Attachment "A" be consolidated into a new field to be known as the Powder River (Consolidated) Field.

Transcontinental requests that the following rules be adopted for the consolidated field:

1. Designated interval from ground surface to 3,182 feet as shown on the log of the Robert C. Enke Well No. 1;

2. Well spacing a minimum of 330 feet from lease lines with no between-well spacing limitation;

3. 160 acre units with optional 20 acre units;

4. Allocation based 5% per well and 95% deliverability.

This application was unprotested and the examiner recommends approval of Transcontinental's request for field consolidation and field rules.

DISCUSSION OF THE EVIDENCE

The 51 fields which are the subject of this hearing were discovered beginning in the 1950's. The fields include shallow Frio and Miocene sands which are in the late stage of depletion. All of the fields are non-associated gas fields and all but one operate under Statewide Rules. The Enke (2550) Field operates under rules providing for 467'-1,200' well spacing and 220 acre density.

There are a total of 34 wells listed on the proration schedules for the various fields, but only 19 are active producing wells. A total of 222 wells have been completed in the fields and cumulative production from the fields is about 27.3 BCF of gas and 45,000 BC. Many of the fields had only 1-2 wells and very marginal production. Average cumulative production from the 222 completions is 153 MMCF.

There are many existing wellbores which can be used for recompletions to the various sands within the consolidated interval. Most are closer than 1,200 feet from each other. Elimination of a between-well spacing requirement will provide opportunities for recompletions without the need for Rule 37 exceptions. This is especially important because the numerous sands are very limited in areal extent. 3-D seismic is being used to identify “bright spots” which have not been encountered by existing wells.

Transcontinental requests a density rule of 160/optional 20 acres for the consolidated field. Drainage calculations were submitted for several wells, indicating a range from less than 20 acres up to 155 acres.

The fields produce from sands as shallow as 600 feet. Transcontinental requests that the consolidated field be designated as the interval from ground surface to 3,182 feet as shown on the log of the Robert C. Enke No. 1. Consolidation of the various sands into a single field will result in the recovery of additional reserves which would otherwise be uneconomic.

The proposed consolidated field will consist of numerous lenticular sands. A two factor allocation formula based on 5% deliverability and 95% per well is requested for the consolidated field to meet statutory requirements.

FINDINGS OF FACT

1. Notice of this hearing was sent to all persons legally entitled to notice at least ten days prior to the date of hearing.

2. The subject fields proposed for consolidation were discovered beginning in the 1950's. All of the fields are non-associated gas fields and there are only 19 producing wells in the fields at this time.

3. The 51 fields produce from Frio and Miocene sands which are in the late stage of depletion. The shallowest producing interval is approximately 600 feet.

4. All of the fields except the Enke (2550) Field operate under Statewide Rules.

5. Consolidation of the fields will not harm any of the reservoirs because of the similar reservoir and fluid properties.

6. Consolidation of the fields will result in the recovery of additional reserves from the various fields as a result of a lower combined economic limit.

7. The Powder River (Consolidated) Field should be designated as the correlative interval from ground surface to 3,182 feet as shown on the log of the Robert C. Enke No. 1.

8. Elimination of a between well spacing rule for the consolidated field will provide flexibility in using existing wellbores for completion in the various lenticular sands.

9. A density rule providing for 160/optional 20 acre density is appropriate for the consolidated field because of the significant variance in drainage capabilities of the various sands.

10. Allocation based 5% per well and 95% on deliverability will protect correlative rights and satisfy statutory requirements.

CONCLUSIONS OF LAW

1. Proper notice of this hearing was given to all persons legally entitled to notice.

2. All things have occurred or been accomplished to give the Railroad Commission jurisdiction in this matter.

3. Consolidation of the fields as proposed by Transcontinental Minerals Corp. is necessary to prevent waste and protect correlative rights.

4. The proposed field rules will prevent waste, protect correlative rights, and satisfy statutory requirements.

EXAMINER'S RECOMMENDATION

Based on the above findings and conclusions, the examiner recommends that the eight subject fields be consolidated into a new field to be known as the Powder River (Consolidated) Field and that the requested field rules be adopted for the consolidated field.

Respectfully submitted,

Donna K. Chandler
Technical Hearings Examiner

Attachment "A"

Field Name	Field Number
CKP (2300 MIOCENE)	14302500
CKP (2900)	14302600
ENKE (700)	29129800
ENKE (800)	29129810
ENKE (1650)	29129825
ENKE (MIOCENE 2100)	29129222
ENKE (2250)	29129840
ENKE (2550)	29129850
ENKE (2600)	29129888
ENKE (FRIO 2700)	29129111
ENKE (FRIO 2710)	29129892
ENKE (2940)	29129898
JACKSAND (VICKSBURG 2900)	45373500
KERLICK (FRIO)	49018300
MANAHUILLA SE. (FRIO 2600)	57045200
MARSHALL (FRIO I)	57719062
MARSHALL (2100)	57719744
MARSHALL (2510)	57719750
MARSHALL (2600)	57719806
MARSHALL (2620)	57719821
MARSHALL (FRIO II B)	57719124
MARSHALL (2700)	57719868
MARSHALL (MIOCENE 2800)	57719377
MARSHALL (2830)	57719874
MARSHALL (2840)	57719875
MARSHALL (FRIO 3000)	57719310
MARSHALL (FRIO VII)	57719186
MARSHALL, S. (FRIO 2640)	57728300
MARSHALL, S. (FRIO 3200)	57728333
MARSHALL, S.W. (MIOCENE 2310)	57732700
MARSHALL, S.W. (MIOCENE 2350)	57732720
POST OAK HOLLOW (FRIO 2600)	72599175
RANDY PICKETT (600)	74648500
WEESATCHE, SOUTH (700)	95850576
WEESATCHE, SOUTH (FRIO 1200)	95850110
WEESATCHE, SOUTH (2100)	95850736
WEESATCHE, SOUTH (2200)	95850800
WEESATCHE, SOUTH (FRIO 2600)	95850128
WEESATCHE, SOUTH (FRIO 2750)	95850160
WEESATCHE, SOUTH (FRIO 2800)	95850192
WEESATCHE, SOUTH (FRIO 2900)	95850224

WEESATCHE, SOUTH (FRIO 3000)	95850256
WEESATCHE, WEST (FRIO 2950)	95853164
WESER, SOUTH (2200)	96426125
WESER, SOUTH (2700)	96426250
WESER, SOUTH (2750)	96426375
WESER, SOUTH (2850)	96426500
WESER, SOUTH (2850 A)	96426625
WESER, SOUTH (2900)	96426750
WESER, SOUTH (2900 A)	96426875
WESER, SOUTH (2950)	96426900