

THE APPLICATION OF TRIANGLE THREE RESOURCES, LLC. TO CONSOLIDATE VARIOUS HEYSER (F-SANDS) FIELDS INTO THE (PROPOSED) HEYSER (F-SERIES) FIELD AND ADOPT FIELD RULES FOR THE (PROPOSED) HEYSER (F-SERIES) FIELD, VICTORIA AND CALHOUN COUNTIES, TEXAS

Heard by: Andres J, Trevino, P.E. on September 18, 2009

Appearances:

George C. Neale
Mike Donovan

Representing:

Triangle Three Resources, LLC.

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Triangle Three Resources, LLC. requests that the 9 Heyser F-Sands fields listed in Attachment "A" be consolidated into a new field to be known as the Heyser (F-Series) Field.

Triangle Three requests that the following rules be adopted for the consolidated field:

1. Designated interval from 5,128 feet to 5,435 feet as shown on the Induction log of the L.M. Diemer No. 3;
2. Well spacing a minimum of 330 feet from lease lines with 660 feet between-well spacing limitation;
3. 40 acre proration units plus 10% tolerance with 10 acre optional units;
4. Allocation based 25% per well and 75% deliverability for gas wells, and 25% per well and 75% potential for oil wells.

This application was unopposed and the examiner recommends approval of Triangle Three's request for field consolidation and field rules.

DISCUSSION OF THE EVIDENCE

The 9 fields which are the subject of this hearing were discovered beginning in 1967. The fields include Frio series sands which are in the late stages of depletion. There are two non-associated gas fields, three associated gas fields and four oil fields that all operate under Statewide Rules.

There have been 17 historic gas wells and 31 historic oil wells completed in the various fields. Currently only two gas wells are producing a total of 160 MCF of gas per day. Cumulative production from the fields is about 9.92 BCF of gas and 1.05 MMBO.

Triangle Three will drill additional wells within the depleted reservoirs targeting the various sands within the consolidated interval. Producing multiple zones simultaneously increases gas recovery. Triangle Three has received commingling authority to commingle various Frio sands within two of its wells. The proposed consolidated field will consist of numerous lenticular sands within the Frio sand/shale interval. The Frio sands are discontinuous and are not correlated from well to well. Reducing the between-well spacing requirement will provide opportunities for infill drilling without the need for Rule 37 exceptions and is standard well spacing requirements for 20 acre well density. Triangle Three requested 330'/660' in error instead of 233'/467' spacing, which is standard spacing for 10 acre density. As re-notice would be required for any changes to well spacing Triangle Three elected to keep the 330'/660' spacing.

Triangle Three requests a density rule of 40 acre density with 10 acre optional units for the consolidated field. Drainage calculations performed in the fields show wells will drain between 1 to 60 acres.

Triangle Three requests that the consolidated field be designated as the interval from 5,128 feet to 5,435 feet as shown on the Induction log of the L.M. Diemer No. 3. 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 sands. A two factor allocation formula based on 75% deliverability and 25% per well is requested for gas wells and 75% potential and 25% per well is requested for oil wells 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 1967. There are two non-associated gas fields, three associated gas fields and four oil fields.

3. The 9 fields produce from Frio series sands which are in the late stages of depletion.
4. All of the fields operate under Statewide Rules.
5. Triangle Three has received commingling authority to commingle various Frio sands within two of its wells
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 Heyser (F-Series) Field should be designated as the correlative interval from 5,128 feet to 5,435 feet as shown on the Induction log of the L.M. Diemer No. 3.
8. The proposed 330'/660' well spacing rule for the consolidated field will provide flexibility in drilling infill wells for completion in the various Frio sands.
9. A density rule providing for 40 acre density with optional 10 acres is appropriate for the consolidated field as drainage calculations estimate some wells will drain between 1 to 60 acres.
10. Allocation based on 75% deliverability and 25% per well is requested for gas wells and 75% potential and 25% per well is requested for oil wells 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 Triangle Three Resources, LLC. 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 nine subject fields be consolidated into a new field to be known as the Heyser (F-Series) Field and that the requested field rules be adopted for the consolidated field.

Respectfully submitted,

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

Attachment "A"Field NameField Number

HEYSER (F-34)	40957 022
HEYSER (F-36)	40957 044
HEYSER (F-37)	40957 055
HEYSER (F-38)	40957 066
HEYSER (F-39)	40957 077
HEYSER (F-40)	40957 088
HEYSER (F-41)	40957 110
HEYSER (F-44)	40957 132
HEYSER (F-47)	40957 154