

**OIL AND GAS DOCKET NO. 04-0260106**

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**THE APPLICATION OF LAMAR OIL & GAS, INC. TO CONSOLIDATE VARIOUS COPANO BAY, S. FIELDS INTO A NEW FIELD CALLED THE COPANO BAY, S. (FB-B FRIO CONS.) FIELD AND TO ADOPT FIELD RULES FOR THE NEW FIELD, ARANSAS COUNTY, TEXAS**

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**Heard by:** Donna K. Chandler on December 10, 2008

**Appearances:**

John Camp  
Rick Johnston

**Representing:**

Lamar Oil & Gas, Inc.

**EXAMINER'S REPORT AND RECOMMENDATION**

**STATEMENT OF THE CASE**

Lamar Oil & Gas, Inc. requests that the Copano Bay, S. (FB-B, N-4), Copano Bay, S. (FB-B; 0-6 Seg. 1), Copano Bay, S. (FB-B, 04), Copano Bay, S. (FB-B, 08) and Copano Bay, S. (FB-B, 0-6) Fields be consolidated into a new field called the Copano Bay, S. (FB-B Frio Cons.) Field and that the following rules be adopted for the consolidated field:

1. Designated interval from 8,920 feet to 9,735 feet as shown on the log of the State Tract 93 Well No. 1;
2. Well spacing a minimum of 660 feet from lease lines and 1,320 feet between wells;
3. 640 acre units;
4. Allocation based 95% acreage and 5% deliverability.

At the hearing, Lamar requested that the density rule provide for optional 320 acre density. The only other operator in the fields did not object to this request. It is recommended that Lamar's request for field consolidation and field rules be approved.

### **DISCUSSION OF THE EVIDENCE**

The five fields which are the subject of this hearing were discovered in the 1960's and 1970's. All of the field are productive from Frio Sands between 8,500 and 9,500 feet. However, there are currently no active wells in any of the fields. Lamar is currently completing a well in the Frio 08 sand.

The Copano Bay, S. (FB-B, N-4), Copano Bay, S. (FB-B, 04) and, Copano Bay, S. (FB-B, 08) Fields operate under rules providing for 660-1,320 well spacing and 640 acre density. The other two fields operate under Statewide Rules. All of the fields are non-associated gas fields except the Copano Bay, S. (FB-B, 0-6) Field.

There has been no production from any of the fields since 2000. A total of six completions were made in the various fields and cumulative production from all fields is about 6 BCF of gas and 60,000 BO.

The proposed designated interval for the consolidated field is from 8,920 feet to 9,735 feet as shown on the log of the State Tract 93 Well No. 1. This interval includes the Frio N-4 through Frio 0-8 sands. Some of the sands are Commission designated fields and others are stray sands which have not been designated as fields by the Commission. The sands are stacked against fault which bounds the fields to the east.

Lamar requests that the rules which have governed three of the field remain in place, with the addition of a 320 acre optional density rule. Lamar's new well in the Frio 08 is only 1,000 feet from a well which produced 0.8 BCF from the Frio 08. The new well has not encountered depleted pressure and the area was apparently not drained by the old well which produced from the field.

In order to maximize recovery from the various Frio sands, it will be necessary to combine as many zones as possible. Cross-flow between the zones is not expected under producing conditions. Sand production makes single completions/stimulations difficult. Lamar estimates that as much as 389 MMCF can be recovered if three zones are simultaneously completed, with a lower single economic limit.

The proposed consolidated field will consist of numerous lenticular sands. A two factor allocation formula based on 5% deliverability and 95% acreage 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 Copano Bay, S. (FB-B, N-4), Copano Bay, S. (FB-B; 0-6 Seg. 1), Copano Bay, S. (FB-B, 04), Copano Bay, S. (FB-B, 08) and Copano Bay, S. (FB-B, 0-6) Fields were discovered in the 1960's and 1970's.

3. The Copano Bay, S. (FB-B Frio Cons.) Field should be designated as the interval from 8,920 feet to 9,735 feet as shown on the log of the State Tract 93 Well No. 1. This interval includes the Frio N-4 through Frio 0-8 sands, some sands which are Commission designated fields and other stray sands which have not been designated as fields by the Commission.
4. The Copano Bay, S. (FB-B, N-4), Copano Bay, S. (FB-B, 04) and, Copano Bay, S. (FB-B, 08) Fields operate under rules providing for 660-1,320 well spacing and 640 acre density. The other two fields operate under Statewide Rules.
5. There are currently no active wells in any of the fields and there has been no production from any of the fields since 2000. Cumulative production from all fields is about 6 BCF of gas and 60,000 BO from six completions.
6. Consolidation of the fields will result in the recovery of as much as 389 MMCF per well if three zones are simultaneously completed.
7. A density rule providing for 640/optional 320 acre density is appropriate for the consolidated field. Three fields previously operated under 640 acre rules. However, based on a recently drilled well, it appears that some wells did not effectively drain areas as large as 640 acres.
8. Allocation based 95% acreage and 5% 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 Lamar Oil & Gas, Inc. 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 5 subject fields be consolidated into a new field to be known as the Copano Bay, S. (FB-B Frio Cons.) Field and that the requested field rules be adopted for the consolidated field.

Respectfully submitted,

Donna K. Chandler  
Technical Examiner