

THE APPLICATION OF TULETA ENERGY PARTNERS, LLC TO CONSOLIDATE THE CORSICANA (NACATOCH) FIELD, INTO THE CORSICANA (SHALLOW) FIELD, AND EXPAND THE INTERVAL AND ADOPT FIELD RULES, NAVARRO AND ELLIS COUNTIES, TEXAS

Heard by: Andres J, Trevino, P.E. on February 16, 2007

Appearances:

Dale Miller
Harold Atkinson

Representing:

Tuleta Energy Partners, LLC

J.B. Bleckley

Kilmarnock Oil Co. Inc.

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Tuleta Energy Partners, LLC requests that the Corsicana (Nacatoch) Field (No. 20823 250) be consolidated into Corsicana (Shallow) Field (No. 20823 500).

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

1. Designated interval from the land surface to 2,895 feet as shown on the log of the Humphries No. 2;
2. 150'-0' well spacing;
3. 2 acre drilling units with one acre tolerance to the last well on the lease;
4. Allocation based 95% deliverability and 5% per well for gas wells with AOF status; salvage classification for oil wells;
5. No requirement to file proration plats to show acreage being assigned to each wellbore.

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

DISCUSSION OF THE EVIDENCE

The Corsicana (Shallow) Field was discovered in 1896 and is considered Texas' first commercial oilfield. The field has had over 2,600 known oil wells drilled into it and many unknown wells due to lack of records kept in its early history. Currently the Corsicana (Shallow) Field has 1 inactive gas well and 1,305 oil wells with 519 being assigned an allowable on the current proration schedule. The Corsicana (Nacatoch) Field has a discovery depth of 602 feet with only 9 wells having been completed in the field. The Nacatoch formation exists within the proposed Corsicana (Shallow) Field's correlative interval. Both fields are mature and are in late stages of depletion.

The Corsicana (Shallow) Field operates under special rules providing for 2 acre density. The Corsicana (Nacatoch) Field operates under Statewide Rules providing for 40 acre density.

Cumulative production from the fields is over 45 MMBO and 136 MMCF of gas since 1939 when the Commission began keeping production records. Current production records (January 07') show the Corsicana (Shallow) Field is producing at a rate of 127 BOPD.

Tuleta requests that the Corsicana (Nacatoch) Field be consolidated into Corsicana (Shallow) Field and that the correlative interval for the consolidated field include the Navarro, Nacatoch, Pecan Gap, Wolf City and Austin Chalk. The wells have produced from sands as shallow as 300 feet while the base of the interval will be the base of the Austin Chalk. Tuleta requests that the correlative interval for the field be from land surface to 2,895 feet as shown on the log of the Humphries No. 2.

Tuleta will be drilling and recompleting existing wells at locations which may not comply with existing well spacing rules. The requested 150'-0' well spacing will accommodate this salvage development of the reservoirs by providing flexibility in utilizing the many existing wellbores in the area without obtaining Rule 37 exceptions.

The fields produce from Cretaceous age formations which have similar reservoir and fluid properties and are currently carried in the Corsicana (Shallow) Field. Consolidation of the various formations into a single field will result in the recovery of additional reserves which would otherwise be uneconomic.

Tuleta requests salvage classification for the oil field, associated-prorated classification for the gas field, along with AOF status, to remove any limitations on production from the wells. Tuleta is currently developing wells in the Austin Chalk which are marginally economic due to the need for an expensive fracture stimulation. A salvage classification will entice further drilling and completion of wells in the field, thus preventing waste and protecting correlative rights. A two factor allocation formula for gas wells based

on 95% deliverability and 5% per well is requested for the consolidated field to meet statutory requirements. However, there is a market for all gas produced from the field and therefore suspension of the allocation formula is warranted.

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 Corsicana (Shallow) Field was discovered in 1896 as an oil field; over 2,600 known oil wells drilled into it and many unknown wells due to lack of records kept in it's early history. The Corsicana (Nacatoch) Field has a discovery depth of 602 feet with only 9 wells having been completed in the field. Both fields are mature and in late stages of depletion.
3. The Corsicana (Shallow) Field operates under special rules providing for 2 acre density. The Corsicana (Nacatoch) Field operate under Statewide Rules providing for 40 acre density.
4. Cumulative production from the fields is is over 45 MMBO and 136 MMCF of gas since 1939 when the Commission began keeping production records for this field.
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 Corsicana (Shallow) Field's should be designated as the correlative interval for the field be from land surface to 2,895 feet as shown on the log of the Humphries No. 2.
8. Gas allowable allocation based 5% per well and 95% on deliverability will protect correlative rights and satisfy statutory requirements.
9. Suspension of the allocation formula in the consolidated field is appropriate because there is a market for any gas produced from the field.
10. The oil field should be exempt from proration and classified as salvage.

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 Tuleta Energy Partners, 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 Corsicana (Nacatoch) Field be consolidated into the Corsicana (Shallow) Field and that the requested field rules be adopted for the consolidated field.

Respectfully submitted,

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