

**OIL AND GAS DOCKET NO. 01-0258186**

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**THE APPLICATION OF MARSHALL & WINSTON, INC. TO CONSIDER TEMPORARY  
FIELD RULES FOR THE JACK MANN (PENN) FIELD, EDWARDS COUNTY, TEXAS**

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**Heard by:** Donna K. Chandler on August 22, 2008

**Appearances:**

Cary McGregor

**Representing:**

Marshall & Winston, Inc.

**EXAMINER'S REPORT AND RECOMMENDATION**

**STATEMENT OF THE CASE**

Marshall & Winston, Inc. requests that temporary field rules be adopted for the Jack Mann (Penn) Field. The proposed rules are summarized as follows:

1. Designation of the field as the correlative interval from 5,980 feet to 6,234 feet as shown on the log of the Carpenter No. 1;
2. 660' - 1,320' well spacing;
3. 160 acre gas units with 10% tolerance and a maximum diagonal of 4,550 feet;
4. Allocation based on 50% acreage and 50% deliverability, with AOF status.

This application was unopposed and the examiner recommends adoption of the temporary field rules proposed by Marshall & Winston, subject to review in 18 months.

**DISCUSSION OF EVIDENCE**

The Jack Mann (Penn) Field was discovered in 1973 at a depth of approximately 5,225 feet. Several wells had been completed in the field but the last production from those wells was in 1978. Marshall & Winston has completed two wells in the field since 2006.

Marshall & Winston completed its Carpenter No. 1 in September 2006. The well is completed in the Edwards with perforations between 5,984 feet and 6,020 feet. The well was not placed on sustained production for about one year, waiting on a pipeline connection. On initial test, the well produced at a rate of 1,815 MCFD. The well has produced 301 MMCF and currently produces approximately 650 MCFD. Marshall & Winston estimates that this well will ultimately recover 1,300 MMCF of gas based on its current decline. Recoverable gas beneath 160 acres is estimated to be 1,112 MMCF. This volumetric estimate is based on 31 feet of pay, 40% average water saturation and 9% average porosity. Initial reservoir pressure is 1,930 psi and reserves are based on an abandonment pressure of 500 psi.

The Carpenter No. 2 was completed in April 2008 with perforations between 5,997 feet and 6,040 feet. This well has produced at a rate of approximately 500 MCFD since initial completion.

Marshall & Winston requests that the Jack Mann (Penn) Field be designated as the correlative interval from 5,980 feet to 6,234 feet as shown on the log of the Carpenter No. 1. This interval includes the entire third Holman series of sands. The two current wells are currently not producing from the lowermost Holman C sand. A similar interval has previously been adopted to define the Frances Hill (Penn, Lower) Field about six miles away. A two factor allocation formula is necessary to meet statutory requirements for combining more than one separate interval into a single field. Marshall and Winston requests that allocation be based on 50% acreage and 50% deliverability. It is further requested that the allocation formula be suspended, as there is a market for all gas produced from the field.

The requested 660'-1,320' well spacing is slightly closer than normal spacing associated with 160 acre density. These rules are identical to rules previously adopted for the Frances Hill (Penn, Lower) Field.

### **FINDINGS OF FACT**

1. Notice of this hearing was given to all persons entitled to notice at least ten days prior to the date of hearing.
2. The Jack Mann (Penn) Field was discovered in 1973 but there was no production from the field between 1978 and 2006. Marshall & Winston, Inc. has completed two wells in the field since 2006.
3. Rules providing for 160 acre density are appropriate for the Jack Mann (Penn) Field on a temporary basis.
  - a. Recoverable gas beneath 160 acres is estimated to be 1,112 MMCF of gas.

- b. The estimated ultimate recovery for the Carpenter No. 1 is 1,300 MMCF.
- c. The Carpenter No. 1 has produced approximately 301 MMCF to date.
- 4. The Jack Mann (Penn) Field should be designated as the correlative interval from 5,980 feet to 6,234 feet as shown on the log of the Carpenter No. 1. This interval includes several members of the Holman Sand series.
- 5. Well spacing which requires a minimum of 660 feet from lease lines and 1,320 feet between wells is appropriate, having been adopted for the nearest comparable field, the Frances Hill (Penn, Lower) Field.
- 6. Allocation based on 50% acreage and 50% deliverability is a reasonable method of allocation which will protect the correlative rights of mineral owners in the field and which will meet statutory requirements.
- 7. There is a market for all gas produced from the field.

**CONCLUSIONS OF LAW**

- 1. Proper notice of this hearing was issued.
- 2. All things have been accomplished or have occurred to give the Commission jurisdiction in this matter.
- 3. Adoption of the proposed field rules for the Jack Mann (Penn) Field on a temporary basis is necessary to prevent waste, protect correlative rights and promote development of the field.
- 4. Suspension of the allocation formula in the Jack Mann (Penn) Field is appropriate pursuant to Statewide Rule 31(j).

**RECOMMENDATION**

Based on the above findings and conclusions of law, the examiner recommends adoption of temporary field rules for the Jack Mann (Penn) Field as set out in the attached Final Order, subject to review in 18 months.

Respectfully submitted,

Donna K. Chandler  
Technical Examiner