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# RAILROAD COMMISSION OF TEXAS

## HEARINGS DIVISION

OIL AND GAS DOCKET NO. 01-0280721

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THE APPLICATION OF PRIME OPERATING COMPANY TO AMEND FIELD RULES FOR THE HUGH FITZSIMMONS (SAN MIGUEL) FIELD, DIMMIT AND MAVERICK COUNTIES, TEXAS

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HEARD BY: Andres J. Trevino, P.E. - Technical Examiner  
Marshall Enquist - Legal Examiner

HEARING DATE: March 8, 2013

APPEARANCES:

REPRESENTING:

APPLICANT:

Davin McGinnis  
Rick Johnston

Prime Operating Company

### EXAMINER'S REPORT AND RECOMMENDATION

#### STATEMENT OF THE CASE

This is the unprotested application of Prime Operating Company (Prime) to amend the field rules as last amended in Final Order No. 01-0277584, effective October 2, 2012, for the Hugh Fitzsimmons (San Miguel) Field that currently provide for the following:

1. Designation of the field as the correlative interval from 3,846 feet to 3,950 feet as seen on the log of the Blackbrush O & G, LLC - San Pedro Ranch Lease, Well No. 860;
2. 330'-1,200' well spacing and no minimum between well spacing limitation between horizontal drainhole wells and vertical or horizontal drain hole wells with special provisions for "take points", 150' lease line spacing for the first

and last take points, a 33 foot "box" rule and "off-lease" penetration point for horizontal drainhole wells;

3. 40 acre units;
4. Allocation based on 100% acres with AOF status;
5. Special provision for an exception to Statewide Rule 13(b)(5)(a) requiring flowing oil wells to be produced through tubing;
6. Special provision for an exception to Statewide Rule 51(a) regarding the 10 day rule for filing the potential test.

Prime requests that field rules be amended to allow optional 20 acre density for oil and gas wells. This application was unopposed and the examiners recommend that the optional units for the Hugh Fitzsimmons (San Miguel) Field be amended as requested.

### **DISCUSSION OF EVIDENCE**

The Hugh Fitzsimmons (San Miguel) Field was discovered in 1959 at a depth of approximately 3,750 feet. As of March 2013, there are 200 wells in the field of which Prime operates 185 wells.

Prime requests to add 20 acre optional units for both oil and gas wells. The San Miguel formation is a shaley sand with high porosity but with a low permeability and low recovery factor. The drainage radius calculation demonstrate the need for smaller drilling units. Prime provided drainage calculations for the Fitzsimmons 25, Well No. 2 and the San Pedro Ranch A Well No. 2025. The estimated drainage area for the wells is 4.4 and 9.3 acres. These calculations are based on a porosity of 16%, water saturation of 35%, net pay thickness of 26 and 16 feet and a recovery factor of 10%. The estimated ultimate recovery for the wells are 6,100 BO and 8,040 BO. Production data on the San Pedro Ranch Lease (148 wells) estimate each well will have an average EUR of 10.9 MBO. Production data on the San Pedro DS Lease (29 wells) estimate each well will have an average EUR of 18.8 MBO. Production data on the Fitzsimmons, Hugh "A" Lease (26 wells) estimate each well will have an average EUR of 9.7 MBO. The proposed amended rules will allow greater flexibility in locating wells to more effectively and efficiently drain the reservoir and prevent waste.

Prime also requests the cancellation of over production on all leases in the field. The San Pedro Ranch DS, San Pedro Ranch Conoco, San Pedro Ranch -A-, and San Pedro Ranch Lease are overproduced by approximately 2,898 BO as of January 30, 2013.

### **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. Special field rules for the Hugh Fitzsimmons (San Miguel) Field provide for 330'-1,200' well spacing, 0' well spacing between vertical and horizontal wells, 150' spacing first and last take point, take points, NPZ's, 33 foot box rule, off lease penetration, 40 acre oil and gas units, and allocation based on 100% per well, six month exception for tubing and completion filing requirements.
3. The Hugh Fitzsimmons (San Miguel) Field was discovered in 1959 at a depth of approximately 3,750 feet.
4. As of March 2013, there are 200 wells in the field of which Prime operates 185 wells.
5. A density rule providing for 20 acre optional units is appropriate for the field.
  - a. The San Miguel formation is a shaley sand with high porosity but with a low permeability and low recovery factor.
  - b. The calculated drainage area for the Prime's, Fitzsimmins 25, Well No. 2 , is about 4.4 acres based on porosity of 16%, water saturation of 35%, net pay thickness of 26 feet, a recovery factor of 10% and 6,100 BO estimated ultimate recovery.
  - c. The calculated drainage area for the Prime's, San Pedro Ranch A Well No. 2025, is about 9.3 acres based on porosity of 16%, water saturation of 35%, net pay thickness of 16 feet, a recovery factor of 10% and 8,040 BO estimated ultimate recovery.
  - d. Production data on the San Pedro Ranch Lease estimate each well will have an average EUR of 10.9 MBO. Production data on the San Pedro DS Lease estimate each well will have an average EUR of 18.8 MBO. Production data on the Fitzsimmons, Hugh "A" Lease estimate each well will have an average EUR of 9.7 MBO.
6. Development of the field with optional 20 acre units will allow infill drilling to maximize recovery from the field.
7. The San Pedro Ranch DS, San Pedro Ranch Conoco, San Pedro Ranch -A-, and San Pedro Ranch Lease are overproduced by approximately 2,898 BO as of January 30, 2013. Cancellation of this overage will not harm correlative rights.

**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. Amending field rules and cancellation of overproduction for the Hugh Fitzsimmons (San Miguel) Field is necessary to prevent waste and protect correlative rights.

**RECOMMENDATION**

Based on the above findings and conclusions of law, the examiners recommend that field rules for the Hugh Fitzsimmons (San Miguel) Field be amended to provide for optional 20 acre density and cancellation of any overproduction in the field.

Respectfully submitted,



Andres J. Trevino, P.E.  
Technical Examiner



Marshall Enquist  
Legal Examiner