

**THE APPLICATION OF HYDROCARBON LEASE MANAGEMENT, INC. TO CONSIDER  
TEMPORARY FIELD RULES FOR THE MILBERGER (GRAVIER) FIELD,  
MATAGORDA COUNTY, TEXAS**

---

**Heard by:** Donna K. Chandler on May 2, 2001

**Appearances:**

James Clark

**Representing:**

Hydrocarbon Lease Management

**EXAMINER'S REPORT AND RECOMMENDATION**

**STATEMENT OF THE CASE**

Hydrocarbon Lease Management Inc. requests that temporary field rules be adopted for the Milberger (Gravier) Field. The proposed rules are summarized as follows:

1. Designation of the field as the correlative interval from 9,534 feet to 9,552 feet as shown on the log of the Milberger No. 1;
2. 330' - 933' well spacing;
3. 40 acre oil units with 20 acre tolerance and a maximum diagonal of 2,100 feet;
4. Allocation based on 100% acreage.

This application was unopposed and the examiner recommends adoption of the temporary field rules proposed by Hydrocarbon Lease Management, subject to review in 18 months.

**DISCUSSION OF EVIDENCE**

The Milberger (Gravier) Field was discovered in March 2000 upon completion of the Milberger No. 1 by Hydrocarbon Lease Management Inc. No other wells have been completed in the field.

On initial test, the Milberger No. 1 produced 232 BOPD, 795 MCFD and 42 BWPD from perforations at 9,535 feet to 9,551 feet. The well has produced 29,500 BO and continues to produce at 100 BOPD. It is estimated that the well will ultimately recover 133,000 BO.

The reservoir has 28% average porosity and 45% average water saturation with 13 feet of net pay. Based on these reservoir parameters and the estimate ultimate recovery of 133,000 BO, the calculated drainage area for the well is 38 acres.

Hydrocarbon Lease Management plans to further develop this field. The requested 330'-933' well spacing is common for many Frio fields in the immediate area which would be additional target fields for wells drilled to the Gravier.

**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 Milberger (Gravier) Field was discovered in March 2000 upon completion of the Milberger No. 1 by Hydrocarbon Lease Management Inc.
3. The Milberger No. 1 is the only well producing from the field but additional wells are planned.
4. Wells in the Milberger (Gravier) Field can be expected to drain 40 acres.
  - a. The Milberger No. 1 continues to produce at 100 BOPD.
  - b. The Milberger No. 1 will ultimately recover 133,000 BO.
  - c. The calculated drainage area for the well is 38 acres.
5. Well spacing a minimum of 330 feet from lease lines and 933 feet between wells will provide flexibility in development of the Gravier in conjunction with other Frio fields which have similar spacing.
6. Allocation based on 100% acreage is a reasonable method of allocation which will protect the correlative rights of mineral owners in 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 Milberger (Gravier) Field on a temporary basis is necessary to prevent waste, protect correlative rights and promote

development of the field.

**RECOMMENDATION**

Based on the above findings and conclusions of law, the examiner recommends that the Commission adopt the field rules proposed by Hydrocarbon Lease Management Inc. for the Milberger (Gravier) Field on a temporary basis, subject to review in 18 months.

Respectfully submitted,

Donna K. Chandler  
Technical Examiner