

THE APPLICATION OF TEXCAL ENERGY (GP) LLC. TO AMEND THE FIELD RULES FOR THE HASTINGS, WEST FIELD, BRAZORIA COUNTY, TEXAS

Heard by: Donna K. Chandler on October 5, 2007

Appearances:

David Gross
Dale Miller

Representing:

Texcal Energy (GP) LLC

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Field rules for the Hastings, West Field were originally adopted in 1958 when the Hastings Field was subdivided in Docket No. 3-39,627. Prior to the subdivision, rules had been adopted for the Hastings Field in 1938. In addition to a spacing and density rule, the Hastings, West Field is subject to many rules regarding drilling, cementing, testing and production. In this hearing, Texcal seeks only to designate a field interval, amend Rule 1 from 330'-660' well spacing to 150'-0' well spacing and change the allocation formula from 50% acreage/50% per well to 50%potential/50% per well, with elimination of the need to file proration unit plats.

This application was unopposed and the examiner recommends approval of the amendments to the field rules for the Hastings, West Field as requested by Texcal.

DISCUSSION OF THE EVIDENCE

The Hastings Field was discovered in 1935. In 1958, the field was divided into the Hastings, East and Hastings, West Fields, based on the presence of a major fault, with a displacement of approximately 1,000 feet. Many of the producing sands present in the Hastings, West Field are faulted out in the Hastings, East Field.

Over 600 wells have produced from the Hastings, West Field. Cumulative production since the field division in 1958 is over 367 million BO. There are currently 106 producing wells in the field, all of which are on the West Hastings Unit operated by Texcal. Current production is about 3,000 BOPD. The field has a reservoir MER of 60,000 BOPD per Commission action in 1958.

Texcal requests that the Hastings, West Field be defined as the correlative interval from 5,390 feet to 6,840 feet as shown on the log of the L. F. McKibben No. 6. This interval includes all of the 37 productive intervals in the Upper and Lower Frio on the western side of the fault.

Texcal requests that the minimum lease line spacing rule be amended to 150 feet and that the between-well spacing rule be eliminated. The various sands are highly faulted and compartmentalized. Flexibility in well spacing is necessary to place new producing and injection wells at optimum locations to encounter undrained reserves and accomplish successful waterflooding as necessary in certain fault blocks.

The allocation formula for the field is currently based on 50% acreage and 50% potential. Texcal requests that the 50% acreage factor be change to 50% per well. In conjunction with this request, Texcal requests that the requirement for filing proration units plats in this field be eliminated. With the drilling of additional wells planned in this densely developed field, changing proration units for many wells would be required each time a new well is drilled. Texcal is basically requesting "entity for density" designation for the field.

FINDINGS OF FACT

1. Notice of this hearing was given to all persons entitled to notice and there were no protests.
2. The Hastings, West Field and Hastings, East Field were separated from the Hastings Field in 1958 based on the presence of a major fault.
3. Since 1958, cumulative production from the Hastings, West Field is over 367 million BO. Over 600 wells have produced from the field.
4. Field rules for the Hastings, West Field currently provide for 330'-660' well spacing, 10 acre density, and allocation based on 50% potential and 50% acreage. The field has an MER of 60,000 BOPD.
5. Well spacing a minium of 150 feet from lease lines with no between-well spacing limitation is necessary to effectively develop this field to final density without the need for numerous Rule 37 exceptions.
6. The Hastings, West Field should be designated as the correlative interval from 5,390 feet to 6,840 feet as shown on the log of the L. F. McKibben "A" No. 6. This interval includes the all productive Frio sands.

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. Amending the field rules for the Hastings, West Field is necessary to prevent waste, protect correlative rights, and promote orderly development of the field.

EXAMINER'S RECOMMENDATION

Based on the above findings and conclusions, the examiner recommends that the field rules for the Hastings, West Field be amended to provide for a designated interval, amend Rule 1 to provide for minimum lease line spacing of 150 feet, with no minimum requirement for between well spacing and to change the allocation formula to 50% potential /50% per well, with the elimination of the requirements for proration unit plats.

Respectfully submitted,

Donna K. Chandler
Technical Hearings Examiner