

**OIL AND GAS DOCKET NO. 03-0264856**

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**THE APPLICATION OF GOLDSTON OIL CORPORATION TO CONSIDER ADOPTION OF TEMPORARY FIELD RULES FOR THE BIG HILL, SW (NODOSARIA, BLK B) FIELD, JEFFERSON COUNTY, TEXAS**

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**Heard by:** Donna K. Chandler on April 1, 2010

**Appearances:**

John Soule  
Rodney Henckel

**Representing:**

Goldston Oil Corporation .

**EXAMINER'S REPORT AND RECOMMENDATION**

**STATEMENT OF THE CASE**

Goldston Oil Corporation requests that temporary field rules be adopted for the Big Hill, SW (Nodosaria, Blk B) Field. The proposed rules are summarized as follows:

1. Designation of the field as the correlative interval from 12,530 feet to 12,546 feet as shown on the log of the B. Deaton Estate Et Al Well No. 2;
2. 933'- 1,867' well spacing;
3. 160 acre oil units with 40 acre tolerance and a maximum diagonal of 4,500 feet;
4. Allocation based on 100% acreage.

This application was unopposed and the examiner recommends adoption of the temporary field rules proposed by Goldston Oil Corporation, subject to review in 18 months.

**DISCUSSION OF EVIDENCE**

The Big Hill, SW (Nodosaria, Blk B) Field was discovered in January 2010 upon completion of the B. Deaton Estate Et Al Well No. 2 by Goldston Oil Corporation. On initial test, the well flowed at a rate of 240 BOPD and 208 MCFD with 3,420 psi flowing tubing

pressure. The well is expected to be put on production soon and is waiting on a pipeline and tanks.

Goldston estimates that the reservoir covers approximately 180 acres and no other wells are expected to be drilled in the reservoir. It is fault separated from the nearby Big Hill, SW (Nodosaria Blk A) Field and there is no other comparable production nearby.

Average porosity of the reservoir is 26% and average water saturation is 37.5%. Net pay thickness with porosity in excess of 20% is 8 feet. Recoverable reserves beneath 160 acres are estimated to be 83,900 BO, assuming 8% recovery. If the reservoir has a water drive component, recoverable reserves beneath 160 acres would be 576,000 BO, assuming 55% recovery. Based on the initial bottomhole pressure of 9,447 psi and the initial rate of 240 BOPD, Goldston believes that the Deaton No. 2 will easily recover at least 83,900 BO within just a few years, assuming exponential decline.

Goldston requests that the field be designated at the correlative interval between 12,530 and 12,546 feet as shown on the log of the B. Deaton Et Al Well No. 2.

Goldston requests the normal spacing in conjunction with the 160 acre density. The requested allocation formula based on 100% acres will protect correlative rights.

### **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 Big Hill, SW (Nodosaria, Blk B) Field was discovered in January 2010 upon completion of the B. Deaton Et Al Well No. 2 by Goldston Oil Corporation.
3. It is estimated that the subject field covers approximately 180 acres and no additional wells are planned for the field.
4. Field rules providing for 160 acre density are appropriate for this field on a temporary basis.
  - a. Recoverable reserves beneath 160 acres are estimated to be 83,900 BO, assuming 8% recovery.
  - b. Recoverable reserves beneath 160 acres are estimated to be 577,000 BO, assuming 55% recovery if the reservoir has a water drive component.

- c. The B. Deaton Et Al Well No. 2 produced at a rate of 240 BOPD with 3,420 psi flowing tubing pressure on initial test. The well has not been turned to production yet.
5. Well spacing a minimum of 933 feet from lease lines and 1,867 feet between wells is the standard spacing associated with 160 acre density.
6. The Big Hill, SW (Nodosaria, Blk B) Field should be designated as the correlative interval from 12,540 feet to 12,546 feet as shown on the log of the B. Deaton Estate Et Al Well No. 2.
7. 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 Big Hill, SW (Nodosaria, Blk B) 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 Goldston Oil Corporation for the Big Hill, SW (Nodosaria, Blk B) Field on a temporary basis, subject to review in 18 months.

Respectfully submitted,

Donna K. Chandler  
Technical Examiner