

**THE APPLICATION OF COASTAL OIL & GAS CORPORATION TO CONSIDER STANDING AND, IF STANDING IS GRANTED, TO CONSIDER FIELD RULES FOR THE SAMANO (1<sup>ST</sup> MASSIVE), SAMANO (THIRD MASSIVE, AND SAMANO (MASSIVE 7200) FIELDS, STARR COUNTY**

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**Heard by:** Donna K. Chandler on May 25, 2001

**Appearances:**

Jim Cowden  
John F. Miller III

**Representing:**

Coastal Oil & Gas Corp.

**EXAMINER'S REPORT AND RECOMMENDATION**

**STATEMENT OF THE CASE**

Coastal Oil & Gas Corporation requests standing, and, if standing is granted, permanent field rules for the Samano (1<sup>st</sup> Massive), Samano (Third Massive) and Samano (Massive 7200) Fields in Starr County. There are no wells in the Samano (1<sup>st</sup> Massive) or Samano (Third Massive) Fields. Coastal has wellbores in the area which penetrate these two fields and will likely recompleat wells in the field. Therefore, Coastal has standing to bring this application for field rules.

The rules proposed by Coastal for the three fields are as follows:

1. Designation of the Samano (1<sup>st</sup> Massive) Field as the correlative interval from 6,780 feet to 6,870 feet as shown on the log of the Samano No. 1; Designation of the Samano (Massive 7200) Field as the correlative interval from 7,350 feet to 7,680 feet as shown on the log of the Samano No. 19; Designation of the Samano (Third Massive) Field as the correlative interval from 8,178 feet to 8,325 feet as shown on the log of the Samano No. 19;
2. 467'-933' well spacing;
3. Allocation based on 95% deliverability and 5% per well.

Coastal requests that the statewide density rule requiring 40 acre drilling units remain in effect and that there be no rule prescribing proration units.

This application was unopposed and the examiner recommends adoption of the field rules proposed by Coastal for the three Samano fields.

**DISCUSSION OF EVIDENCE**

The Samano (Massive 7200) Field was discovered in December 1985 upon completion of the M. Samano No. 1 by Edwin L. Cox. The well was completed in the 5<sup>th</sup> Rincon through perforations between 7,172 feet and 7,202 feet. Two other wells have produced from this field, the Samano No. 2 and the Samano No. 19. The No. 19 is currently the only producing well carried in this field. Cumulative production from the field is approximately 1.8 BCF.

The Samano (1<sup>st</sup> Massive) Field was discovered in June 1988 when the Samano No. 1 was recompleted from the Samano (Massive 7200) Field. The recompletion was in the Vicksburg 1<sup>st</sup> Massive through perforations between 6,792 feet and 6,859 feet. One other well, the Samano No. 2 also produced from the field, but there are no wells currently in the field. Cumulative production from the field is 790 MMCF.

The Samano (Third Massive) Field was discovered in December 1986 upon completion of the Samano No. 3 by Cox Oil & Gas. This well produced from perforations between 6,480 feet and 6,630 feet. The well produced only 43 MMCF of gas before being recompleted. No other wells have ever produced from this field.

Coastal has many wellbores in the Samano Field area and is active in developing reserves in the area. The Samano Fields are just west of the Flores and Jeffress fields which are also being actively developed by Coastal. Coastal plans to recomplete wellbores in the three fields and use modern fracture technology to increase reserves from the fields.

The field rules requested for these three fields are identical to those already adopted for many other Jeffress and Flores fields. The 467'-933' well spacing will provide additional flexibility in using existing wellbores.

A two factor allocation formula is necessary in each of the three fields because they contain multiple stratigraphic intervals which are not in natural communication. The proposed formula based on 95% deliverability and 5% per well. This allocation formula is also common to the other similar fields in the area which have retained the 40 acre drilling units.

**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. Coastal Oil & Gas Corp. has standing to bring this application for field rules in the Samano (1<sup>st</sup> Massive) and Samano (Third Massive) Fields because it operates wellbores in the area and plans to recomplete wells in the two fields.
3. The Samano (Massive 7200) Field was discovered in December 1985 and there is now only one producing well in this field. Cumulative production from the field is approximately 1.8 BCF.
4. The Samano (1<sup>st</sup> Massive) Field was discovered in June 1988 and there are no wells currently in the field. Cumulative production from the field is 790 MMCF.
5. The Samano (Third Massive) Field was discovered in December 1986 and there are no wells currently in the field. Cumulative production from the one well which produced from the field is only 43 MMCF.
6. Coastal has many wellbores in the Samano Field area and is active in developing reserves in Samano area, which lies just west of the Flores and Jeffress fields, which are also being actively developed by Coastal.
7. The field rules requested for these three fields are identical to those already adopted for many other Jeffress and Flores fields.
8. The 467'-933' well spacing will provide additional flexibility in using existing wellbores.
9. allocation based on 95% deliverability and 5% per well will protect correlative rights of mineral owners in each field and will satisfy statutory requirements to combine separate accumulations of hydrocarbons into a single 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 Samano (1<sup>st</sup> Massive), Samano (Massive

7200) and Samano (Third Massive) Fields will 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 Coastal Oil & Gas for the Samano (1<sup>st</sup> Massive), Samano (Massive 7200) and Samano (Third Massive) Fields.

Respectfully submitted,

Donna K. Chandler  
Technical Examiner