

THE APPLICATION OF DAVID M. MUNSON, INC. TO AMEND THE FIELD RULES IN THE MALAKOFF, SOUTH (TRAVIS PEAK) FIELD, HENDERSON COUNTY, TEXAS

Heard by: Donna K. Chandler on December 11, 2000

Appearances:

Charles Munson

Representing:

David M. Munson, Inc.

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Field rules for the Malakoff, South (Travis Peak) Field were adopted on August 1, 1960 by Final Order No. 5-43,918. These rules were amended by Final Order No. 5-98,452 on October 5, 1992. The rules currently in effect for the field are summarized as follows:

1. Well spacing a minimum of 330 feet from lease lines and 933 feet between wells;
2. 640 acre gas units plus 10% tolerance and a maximum diagonal of 8,000 feet; optional 160 acre units with a maximum diagonal of 4,500 feet.
3. Allocation based on 2/3 acreage and 1/3 per well.

David Munson, Inc. requests that the field rules be amended to include a provision for optional 80 acre density with a maximum diagonal of 4,000 feet for the 80 acre units.

This application was unopposed and the examiner recommends that the field rules for the Malakoff, South (Travis Peak) Field be amended as proposed by David M. Munson, Inc.

DISCUSSION OF EVIDENCE

The Malakoff, South (Travis Peak) Field was discovered in 1960 at a depth of approximately 8,300 feet. A total of 17 wells have produced from the field. There are currently nine wells producing from the field.

Cumulative production from the field is 9.92 BCF of gas and 34,000 BC. Average production per well is 620 MMCF, with actual production to date ranging from 71 MMCF to 1,500 MMCF.

In support of its request for optional 80 acre density, Munson submitted pressure data indicating lack of drainage by existing wells. The original reservoir pressure was approximately

3,500 psi. In 1993, Munson drilled its Carter No. 3 with a bottom hole pressure of slightly more than 3,500 psi. The Carter No. 3 was drilled between existing wells only 1,500 feet away which had been drilled 15 years earlier. The existing wells were not draining 160 acres.

Munson has just completed its Phillips No. 3 offset to the Phillips No. 1 and No. 2. The Phillips No. 3 also encountered virgin pressure. Munson plans additional development in the field.

Munson requests a maximum diagonal of 4,000 feet for the 80 acre units. This longer than normal diagonal will accommodate formation of units in this area of unusually shaped tracts.

FINDINGS OF FACT

1. Notice of this hearing was given to all persons entitled to notice.
2. The Malakoff, South (Travis Peak) Field was discovered in 1960 at a depth of approximately 8,300 feet.
3. Field rules currently provide for 640/optional 160 acre density and 330'-933' well spacing.
4. A total of 17 wells have produced from the field. There are currently nine wells producing from the field.
5. Cumulative production from the field is 9.92 BCF of gas and 34,000 BC.
6. Some areas of the field are not being adequately drained by existing wells.
 - a. The original reservoir pressure was approximately 3,500 psi.
 - b. In 1993, Munson drilled its Carter No. 3 between two existing wells which had been drilled 15 years earlier. The Carter No. 3 had a bottom hole pressure of slightly more than 3,500 psi.
 - c. Munson recently completed its Phillips No. 3 offset to the Phillips No. 1 and No. 2. The Phillips No. 3 also encountered virgin pressure.

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 the field rules for the Malakoff, South (Travis Peak) Field will prevent waste and protect correlative rights.

RECOMMENDATION

Based on the above findings and conclusions of law, the examiner recommends that the field rules for the Malakoff, South (Travis Peak) Field be amended as proposed by David M. Munson, Inc.

Respectfully submitted,

Donna K. Chandler
Technical Examiner