

THE APPLICATION OF GOLDSTON OIL CORPORATION TO CONSIDER ADOPTION OF TEMPORARY FIELD RULES FOR THE QUITMAN-ROBBINS (ROD.-KIRK.) FIELD, WOOD COUNTY, TEXAS

Heard by: Donna K. Chandler on June 7, 2006

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 Quitman-Robbins (Rod.-Kirk.) Field. The proposed rules are summarized as follows:

1. Designation of the field as the correlative interval from 7,878 feet to 7,942 feet as shown on the log of the DeLoney Heirs No. 1;
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, subject to review in 18 months.

DISCUSSION OF EVIDENCE

The Quitman-Robbins (Rod.-Kirk.) Field was discovered in September 2005 upon completion of the DeLoney Heirs No. 1 by Goldston Oil Corporation. The well is perforated in the Rodessa and Kirkland reservoirs from 7,894-7,902 and 7,905-7,911 feet, and produced 35.7 BO, 43 MCF, and 24 BW during a 17 hour test. The well has been shut-in since completion.

Average porosity of the reservoir is 20% and average water saturation is 21%. Net pay thickness is 6 feet. The planimetered reservoir volume is 855 acre-ft. The reservoir is bounded to the west by a fault, to the north and south by lack of pay, and to the east by the oil-water contact. Assuming 15% recovery efficiency and original pressure, the recoverable reserves for the reservoir would be 104,000 BO. However, the DeLoney Heirs No. 1 encountered depleted pressure of only 1,606 psi, reducing recoverable reserves to approximately 42,000 BO. Goldston has not been able to locate any well with reported perforations in this field, which would explain the depleted pressure.

The reservoir covers approximately 134 acres. Goldston estimates that the DeLoney Heirs No. 1 will ultimately recover 41,000 BO assuming 33% decline and an abandonment rate of 2 BOPD. The well should drain the entire reservoir.

Goldston requests 933'-1,867' well spacing, which is standard for 160 acre density. Goldston also requests that allocation be based on 100% acreage.

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. Notice of the hearing was published in the *Wood County Democrat*, a newspaper of general circulation in Wood County, for four consecutive weeks, beginning May 3, 2006.
2. The Quitman-Robbins (Rod.-Kirk.) Field was discovered in September 2005 upon completion of the DeLoney Heirs No. 1. No other wells produce from the field.
3. Field rules providing for 160 acre density are appropriate for this field on a temporary basis.
 - a. The field limits are well defined and the areal extent is 134 acres.
 - b. The reservoir volume is 855 acre-feet.
 - c. Recoverable reserves in the reservoir are estimated to be 42,000 BO.
 - d. The DeLoney Heirs No. 1 will ultimately recover at least 41,000 BO.
4. Well spacing a minimum of 933 feet from lease lines and 1,867 feet between wells is standard for 160 acre density.
5. 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 Quitman-Robbins (Rod.-Kirk.) 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 Quitman-Robbins (Rod.-Kirk.) Field on a temporary basis, subject to review in 18 months.

Respectfully submitted,

Donna K. Chandler
Technical Examiner