

THE APPLICATION OF 3-T EXPLORATION, INC. TO AMEND THE FIELD RULES FOR THE LANE CHAPEL (PALUXY A SAND) FIELD, SMITH COUNTY, TEXAS

Heard by: Donna K. Chandler on October 12, 2007

Appearances:

Rick Johnston

Representing:

3-T Exploration, Inc.

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Field rules for the Lane Chapel (Paluxy A Sand) Field were adopted on July 16, 1996 in Docket No. 06-0212348. The rules adopted are summarized as follows:

1. Designation of the field as the correlative interval from 6,564 feet to 6,665 feet as shown on the log of the Bracken No. 13;
2. 467'-1,200' well spacing;
3. 80 acre oil units;
4. Allocation based on 100% acreage;
5. Fieldwide Net GOR with a gas limit of 625 MCFD per well.

3-T Exploration, Inc. requests that the field rules be amended as follows:

1. Designation of the field as the correlative interval from 6,955 feet to 7,026 feet as shown on the log of the 3-T Exploration, Inc. - Hendrix No. 1A;
2. 467'-660' well spacing;
3. 80 acre units with optional 40 acre units;

4. No change;
5. No change;

This application was unopposed and the examiner recommends that the field rules for the Lane Chapel (Paluxy A Sand) Field be amended as proposed by 3-T Exploration, Inc.

DISCUSSION OF THE EVIDENCE

The Lane Chapel (Paluxy A Sand) Field was discovered in 1989 at a depth of approximately 6,500 feet. There are currently 21 wells producing from the field. Cumulative production from the field is approximately 2.1 million BO and 3.8 BCF of gas.

The current designated interval for the field is based on a log a couple of miles to the southeast of 3-T's current development. 3-T requests that the correlative interval for the field be based on the more recently drilled Hendrix No. 1A, between the depths of 6,955 feet and 7,026 feet.

The current rules provide for 80 acre density. Several Rule 38 exceptions have recently been approved in the field. 3-T calculated drainage areas for six wells in the field to demonstrate that 40 acre optional rules are appropriate for the field. Average porosity in the reservoir is 15.1% and average water saturation is 29%. Net pay for the six wells studied ranges from 8 feet to 39 feet. Estimated ultimate recoveries for the six wells range from 41,000 BO to 390,000 BO, resulting in calculated drainage areas ranging from 25 acres to 62 acres.

3-T requests that the between-spacing rule be reduced to 660 feet to provide flexibility in developing the field on 40 acres.

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 Lane Chapel (Paluxy A Sand) Field was discovered in 1989 at a depth of approximately 6,500 feet. There are 21 producing wells in the field.
3. Field rules for the field were adopted on July 16, 1996 in Docket No. 06-0212348. The rules provide for a designated interval, 467'-1,200' well spacing, 80 acre units and allocation based on 100% acreage.
4. The current designated interval for the field is from 6,564 feet to 6,665 feet as shown on the log of the Bracken No. 13, an older well in the field a couple of miles from 3-T's current development.

5. The field should be defined as the correlative interval from 6,955 feet to 7,026 feet as shown on the log of the 3-T Exploration, Inc. Hendrix No. 1A, a newer well in the field than the Bracken No. 13.
6. The addition of an optional 40 acre density rule is appropriate for the field.
 - a. Several Rule 38 exceptions have recently been approved in the field.
 - b. 3-T calculated drainage areas for six wells in the field which range from 25 acres to 62 acres.
 - c. Net pay for the six wells studied ranges from 8 feet to 39 feet and estimated ultimate recoveries for the six wells range from 41,000 BO to 390,000 BO.
7. Well spacing a minimum of 467 feet from lease lines and 660 feet between wells will provide additional flexibility in developing this field on 40 acre optional units.

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 Lane Chapel (Paluxy A Sand) Field as proposed by 3-T Exploration, Inc. is necessary to prevent waste and protect correlative rights.

EXAMINER'S RECOMMENDATION

Based on the above findings and conclusions, the examiner recommends that the Field rules for the Lane Chapel (Paluxy A Sand) Field be amended to expand the designated interval, add an optional 40 acre density rule and change the spacing rule to 467'-660'.

Respectfully submitted,

Donna K. Chandler
Technical Hearings Examiner