

THE APPLICATION OF JAMEX, INC. TO AMEND THE FIELD RULES FOR THE STARVILLE, EAST (TRAVIS PEAK) FIELD, SMITH COUNTY, TEXAS

Heard by: Donna K. Chandler on October 11, 2010

Appearances:

Rick Johnston

Representing:

Jamex, Inc.

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Field rules for the Starville, East (Travis Peak) Field were adopted on May 25, 1976 in Docket No. 6-66,058. The rules are summarized as follows:

1. 467' - 1,320' well spacing;
2. 80 acre gas units with a maximum diagonal of 3,250 feet;
3. Allocation based on 100% acreage.

Jamex, Inc. requests that the rules be amended to provide the following:

1. Designation of the field as the correlative interval from 8,500 feet to 8,985 feet as shown on the Jamex - Goolsbee No. 1;
2. 467'-600' well spacing;
3. 160 acre density;
4. 100% acreage allocation.

This application was unopposed and the examiner recommends amending the field rules as proposed, with the exception that the spacing rule be 467'-933'. Jamex did not consider this recommendation to be adverse.

DISCUSSION OF EVIDENCE

The Starville, East (Travis Peak) Field was discovered in February 1976 upon completion of the Mack L. Goolsbee No. 1 by Herring Drilling Corporation. The well produced 123,000 BO and was plugged in 1983. No other wells were completed in the field until September 2009 when Jamex, Inc. completed its Goolsbee No. 1 approximately 1,100 feet away from the discovery well.

On initial test, Jamex's Goolsbee No. 1 produced at a rate of 58 BOPD on rod pump. The well is perforated in the upper portion of the Travis Peak between 8,578 feet and 8,596 feet.

Jamex requests that the Starville, East (Travis Peak) Field be designated as the correlative interval from 8,500 feet to 8,958 feet as shown on the log of its Goolsbee No. 1. This interval includes the entire Travis Peak section.

The average porosity of the reservoir is 10.8% and average water saturation is 25%. Net pay in the Jamex well is 17 feet. Estimated ultimate recovery from the Jamex - Goolsbee No. 1 is 131,800 BO. Based on this recovery, the calculated drainage area for the well is 137 acres. Additionally, this EUR compares favorably with the recovery from the discovery well. Wells in the nearby Starville, N. (Travis Peak) Field have EUR's between 95,000 and 217,000 BO.

The recommended 467'-933' well spacing will provide flexibility in additional development of the field, including possible re-entry of the discovery well. The field is located very near the city limits of Tyler, Texas and there are numerous small tracts to contend with in forming units.

Allocation based on 100% acreage is a reasonable formula which 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 Starville, East (Travis Peak) Field was discovered in 1976. The discovery well, the Goolsbee No. 1 operated by Herring Drilling, produced until 1983.
3. The Starville, East (Travis Peak) Field operates under rules providing for 80 acre density. These rules were adopted in 1976.
4. Jamex completed its Goolsbee No. 1 in the subject field in September 2009.

5. Amending the field rules to provide for 160 acre density is appropriate for the Starville, East (Travis Peak) Field.
 - a. The estimated ultimate recovery for the Goolsbee No. 1 is 131,800 BO.
 - b. The calculated drainage area for the Goolsbee No. 1 is 137 acres.
 - c. The discovery well for the field produced 123,000 BO.
6. The Starville, East (Travis Peak) Field should be designated as the correlative interval from 8,500 feet to 8,958 feet as shown on the log of the Jamex, Inc. - Goolsbee No. 1.
7. Well spacing which requires a minimum of 467 feet from lease lines and 9330 feet between wells is reasonable for further development of the field.
8. 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. Amending the field rules for the Starville, East (Travis Peak) Field 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 field rules for the Starville, East (Travis Peak) Field be amended as set out in the attached Final Order.

Respectfully submitted,

Donna K. Chandler
Technical Examiner