

THE APPLICATION OF HALLIBURTON OPERATING COMPANY TO CONSIDER ADOPTION OF PERMANENT FIELD RULES FOR THE HAL-LONG (TANNEHILL) FIELD, KENT COUNTY, TEXAS

Heard by: Donna K. Chandler on October 15, 2010

Appearances:

Greg Cloud

Representing:

Halliburton Operating Company

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Halliburton Operating Company requests that field rules be adopted for the Hal-Long (Tannehill) Field. The proposed rules are summarized as follows:

1. Designation of the field as the correlative interval from 4,276 feet to 4,310 feet as shown on the log of the Hayley Well No. 1;
2. 467'- 933' well spacing;
3. 40 acre oil units with 20 acre tolerance and a maximum diagonal of 2,300 feet;
4. Allocation based on 100% acreage.

This application was unopposed and the examiner recommends adoption of the field rules proposed by Halliburton.

DISCUSSION OF EVIDENCE

The Hal-Long (Tannehill) Field was discovered in May 2010 upon completion of the Hayley No. 1 by Halliburton Operating Company. The well is a natural completion with perforations from 4,280-4,290 feet. On initial test, the well produced at a rate of 242 BOPD and currently produces approximately 60 BOPD. Two other wells have been completed in the field but are not yet on the proration schedule. Halliburton intends to drill at least one more well in the field.

The subject field is approximately 4,000 feet east of the Long-Hall (Tannehill) Field, which was discovered in 2006. The two fields are separated by numerous dry holes. The Long-Hall (Tannehill) Field operates under the same spacing and density rules as proposed for the subject field. Tannehill fields are generally channel type deposits and Halliburton is requesting some slight flexibility in between-well spacing from 1,200 feet to 933 feet.

Halliburton requests that the Hal-Long (Tannehill) Field be designated at the correlative interval from 4,276 feet to 4,310 feet as shown on the log of the Hayley No. 1. This interval includes the entire Tannehill sand.

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 Hal-Long (Tannehill) Field was discovered in May 2010 upon completion of the Hayley No. 1 by Halliburton Operating Company. Two other wells have been completed in the field.
3. Field rules providing for 40 acre density are appropriate for the subject field as it directly offsets the Hal-Long (Tannehill) Field, which operates under 40 acre rules.
4. Well spacing a minimum of 467 feet from lease lines and 933 feet between wells is the spacing normally associated with 40 acre density.
5. The Hal-Long (Tannehill) Field should be designated as the correlative interval from 4,276 feet to 4,310 feet as shown on the log of the Hayley Well No. 1.
6. 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 Hal-Long (Tannehill) 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 Commission adopt the field rules proposed by Halliburton Operating Company for the Hal-Long (Tannehill) Field.

Respectfully submitted,

Donna K. Chandler
Technical Examiner