

THE APPLICATION OF J-BREX COMPANY TO ADOPT FIELD RULES FOR THE GRUVER, NW. (CHESTER) FIELD, HANSFORD COUNTY, TEXAS

Heard by: Richard D. Atkins, P.E. - Technical Examiner
Marshall F. Enquist - Legal Examiner

Hearing Date: September 29, 2008

Appearances:

Michael P. Marcin

Anthony Romano

Representing:

J-Brex Company

Glen Harris

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

J-Brex Company requests that permanent field rules be adopted for the Gruver, NW. (Chester) Field, Hansford County, Texas. J-Brex proposed that the density be changed from Statewide Rule of 40 acres to 640 acre gas units.

After the call of the hearing, Mr. Anthony Romano appeared on behalf of Mr. Glen Harris and requested that the density rule also provide for optional 320 acre gas units. J-Brex amended its request to include optional 320 acre gas units and Mr. Romano withdrew his protest and the application was then unopposed.

The examiners recommend that the Field Rules for the Gruver, NW. (Chester) Field be adopted as proposed by J-Brex. The examiners also recommend that spacing consistent with 320 acre gas units and allocation based on 100% acreage be adopted. J-Brex did not consider this to be adverse.

DISCUSSION OF EVIDENCE

The Gruver, NW. (Chester) Field was discovered in January 1972. The field produces from a Chester limestone at an average depth of approximately 7,400 feet. The field has always operated under Statewide Rules. There are four active gas wells and one domestic use gas well carried on the proration schedule. J-Brex is one of three operators in the field and operates two gas wells. J-Brex recently received a drilling permit for a third gas well. Cumulative production from the field through August 2008 is approximately 8.1 BCFG and 33.7 MBC. Average daily field production for 2008 is only 94 MCFGPD and 0 BCPD.

The discovery well, the Athena Energy, Inc. - Higgs Lease, Well No. 1, was completed in March 1972 and has been the most prolific producer in the field. This well had an original shut-in tubing pressure of 1,735 psi and has produced over 5.0 BCFG. The current shut-in tubing pressure is 125 psi.

J-Brex completed its Harris Lease, Well No. 1229 in November 2007. This well had an original shut-in tubing pressure of 302 psi and has produced 5.1 MMCFG and 0 BC through August 2008. J-Brex performed a log analysis and drainage area calculation on Well No. 1229. The Chester limestone has an average matrix porosity of 8%. The average water saturation is 20% and the average net pay thickness is 14 feet. A depletion gas drive is the primary drive mechanism for the reservoir and J-Brex estimated a gas recovery factor of 90%. J-Brex then calculated an ultimate gas recovery of 460.8 MMCFG and a drainage radius of 2,965 feet, resulting in an estimated drainage area of 633 acres.

Based on the calculated drainage area, J-Brex requests 640 acre density with optional 320 acre gas units to allow for future infill development.

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 Gruver, NW. (Chester) Field was discovered in January 1972. The field produces from a Chester limestone at an average depth of approximately 7,400 feet.
3. There are four active wells and one domestic use well carried on the proration schedule. Cumulative production from the field through August 2008 is approximately 8.1 BCFG and 33.7 MBC.
4. The discovery well, the Athena Energy, Inc. - Higgs Lease, Well No. 1, was completed in March 1972 and has been the most prolific producer in the field. This well had an original shut-in tubing pressure of 1,735 psi and has produced over 5.0 BCFG. The current shut-in tubing pressure is 125 psi.
5. J-Brex completed its Harris Lease, Well No. 1229 in November 2007. This well had an original shut-in tubing pressure of 302 psi and has produced 5.1 MMCFG and 0 BC through August 2008.
6. J-Brex performed a log analysis and drainage area calculation on its Harris Lease, Well No. 1229. The Chester limestone has an average matrix porosity of 8%, average water saturation of 20% and average net pay thickness of 14 feet.
7. A depletion gas drive is the primary drive mechanism for the reservoir and

J-Brex estimated a gas recovery factor of 90%. J-Brex then calculated an ultimate gas recovery of 460.8 MMCFG and a drainage radius of 2,965 feet, resulting in an estimated drainage area of 633 acres.

8. Based on the calculated drainage area, J-Brex requests 640 acre density with optional 320 acre gas units to allow for future infill development.

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. Adopting field rules for the Gruver, NW. (Chester) Field is necessary to prevent waste, protect correlative rights, and promote development of the field.

RECOMMENDATION

Based on the above findings of fact and conclusions of law, the examiner recommends that the field rules for the Gruver, NW. (Chester) Field be adopted as proposed by J-Brex Company.

Respectfully submitted,

Richard D. Atkins, P.E.
Technical Examiner