

THE APPLICATION OF TACOR RESOURCES INC. TO AMEND THE FIELD RULES FOR THE GUEST (CANYON SAND) FIELD, STONEWALL COUNTY, TEXAS

Heard by: Donna K. Chandler on July 29, 2010

Appearances:

Dale Miller

Representing:

Tacor Resources Inc.

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Field rules for the Guest (Canyon Sand) Field were adopted on January 28, 1952 in Order No. 7-22,783. The rules in effect for the field are summarized as follows:

1. 467'-933' well spacing;
2. 40 acre density;
3. allocation based on 75% acreage and 25% per well.

Tacor Resources Inc. requests that the field rules be amended as follows:

1. Designation of the field as the correlative interval from 4,192 feet to 5,151 feet as shown on the log of the I. S. McMillin Ac. 5 Well No. 1;
2. 330'-600" well spacing;
3. 40 acre density with optional 20 acre density;
4. allocation based on 75% acreage and 25% per well.

This application was unopposed and the examiner recommends that the field rules for the Guest (Canyon Sand) Field be amended as proposed by Tacor Resources Inc.

DISCUSSION OF THE EVIDENCE

The Guest (Canyon Sand) Field was discovered in 1951 at a depth of approximately 4,500 feet. Cumulative production from the field is approximately 11 million BO. There have been 178 completions in the field and there are currently 34 producing oil wells in the field. There have been several waterfloods conducted in the field which are now inactive. The remaining producing wells are marginal.

Tacor plans to drill infill wells on 20 acres to recover additional reserves from the field. Average porosity of the reservoir is 15.5%, average water saturation is 30% and average net pay is 25 feet. For primary production assuming 8.5% recovery, recoverable reserves beneath 40 acres are approximately 52,000 BO. For secondary recovery, assuming an additional 7.2% recovery, secondary reserves beneath 40 acres are approximately 44,000 BO. Therefore, recoverable reserves beneath 40 acres are approximately 96,000 BO. Wells on the Guest Canyon Sand Unit have produced an average of 88,400 BO while wells on the McMillin Canyon Sand Unit have produced an average of only 53,800 BO. Other leases have had limited effects of secondary recovery and need additional development to maximize recovery. The average drainage areas of wells in the field ranges from 7.1 acres to 36.9 acres.

Tacor requests 330'-660' well spacing for the field. This spacing is consistent with 20 acre units and will accommodate infill drilling.

Tacor requests that the Guest (Canyon Sand) Field be designated as the correlative interval from 4,192 feet to 5,151 feet as shown on the log of the I S. McMillian Ac. 5 No. 1. This interval includes the entire Canyon. Tacor requests no change in the allocation, which is based on 75% acreage and 25% per well. This two factor allocation formula meets statutory requirements.

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 Guest (Canyon Sand) Field was discovered in 1951. Field rules for the Guest (Canyon Sand) Field provide for 467'-933' well spacing, 40 acre density and allocation based on 75% acreage and 25% per well.
3. Cumulative production from the Guest (Canyon Sand) Field is approximately 11 million BO.
4. There have been 178 completions in the field and there are currently 34 producing oil wells in the field.

5. Several units have been formed in the field for waterflooding. However, the floods are now inactive and the few producing wells are marginal.
6. Additional development is necessary to maximize ultimate recovery from the field.
 - a. Recoverable reserves beneath 40 acres, including primary and secondary recovery, are approximately 96,000 BO.
 - b. Wells on the Guest Canyon Sand Unit have produced an average of 88,400 BO while wells on the McMillin Canyon Sand Unit have produced an average of only 53,800 BO.
 - c. The average drainage areas of wells in the field ranges from 7.1 acres to 36.9 acres.
7. A spacing rule providing for a minimum of 330 feet from lease lines and 600 feet between wells will flexibility in drilling and/or recompleting additional infill producing wells at optimum locations.
8. The Guest (Canyon Sand) Field should be designated as the correlative interval from 4,192 feet to 5,151 feet as shown on the log of the I. S. McMillin Acc. 5 Well No. 1. This interval includes the entire Canyon formation.

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 Guest (Canyon Sand) Field 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 Guest (Canyon Sand) Field be amended as proposed by Tacor Resources Inc.

Respectfully submitted,

Donna K. Chandler
Technical Examiner