



RAILROAD COMMISSION OF TEXAS

OFFICE OF GENERAL COUNSEL

OIL AND GAS DOCKET NO. 06-0270022

THE APPLICATION OF SONERRA RESOURCES CORPORATION TO CONSIDER A NEW FIELD DESIGNATION AND TO ADOPT FIELD RULES FOR THE PROPOSED NEW CAMP (TRAVIS PEAK) FIELD, NACOGDOCHES COUNTY, TEXAS

HEARD BY: Richard D. Atkins, P.E. - Technical Examiner

DATE OF HEARING: April 28, 2011

APPEARANCES:

REPRESENTING:

APPLICANT:

Dale E. Miller

Sonerra Resources Corporation

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Sonerra Resources Corporation ("Sonerra") requests that a new field designation called the New Camp (Travis Peak) Field be approved for its Big Moon Lease, Well No. 1 (API No. 42-347-33165). Sonerra proposes that the following Field Rules be adopted for the new field:

1. Designation of the field as the correlative interval from 9,618 feet to 12,160 feet as shown on the log for the Sonerra Resources Corporation - Big Moon Lease, Well No. 1 (API No. 42-347-33165), Nacogdoches County, Texas;
2. Allocation based on 95% deliverability and 5% per well.

There were no protests to this application and the examiner recommends approval of the new field designation and adoption of Field Rules.

DISCUSSION OF EVIDENCE

Sonerra completed its Big Moon Lease, Well No. 1, in August 2010 with perforations in the Travis Peak formation between 11,506 feet and 12,139 feet. On initial test, the well produced flowing at a maximum rate of 300 MCFGPD and 2 BOPD.

The new field designation should be approved for the Big Moon Lease, Well No. 1. There is no comparable Travis Peak formation production within 2.5 miles of the subject well. The nearest production is approximately 4,600 feet to the south and produces gas from the Haynesville Shale formation in the Carthage (Haynesville Shale) Field at an average depth of 15,400 feet. Sonerra calculated a virgin bottomhole pressure of 8,234 psi by using a fluid level and surface shut-in pressure.

Sonerra requests that the correlative interval from 9,618 feet to 12,160 feet as shown on the log of the Sonerra Resources Corporation - Big Moon Lease, Well No. 1 (API No. 42-347-33165), JA Chirino Survey, A-17, Nacogdoches County, Texas, be designated as the New Camp (Travis Peak) Field. This interval includes the entire Travis Peak formation which encompasses many separate sand members.

Sonerra is requesting the correlative interval as a result of the high initial drilling and completion costs and the limited reserves contributed by each of the individual sands. The initial cost of drilling, completing and stimulating the wellbore in all possible zones within the requested correlative interval is approximately \$2,500,000. Sonerra estimated that the additional cost to complete the wellbore in each of the reservoirs separately after depletion of reserves would be in the range of \$320,000 to \$500,000. In addition, the delay in the recovery of the reserves from each reservoir would result in the wells becoming less economic.

Sonerra also stated that producing the Travis Peak sands simultaneously would reduce the abandonment rate for each zone and increase the ultimate recovery of hydrocarbons from all of the reservoirs. Assuming an initial completion in four sands, an economic limit of 20 MCFGPD and an exponential decline rate of 15% per year, Sonerra calculated the incremental reserves to be recovered at approximately 134.8 MMCFG per well.

To satisfy state statutes, Sonerra requests that a two factor allocation formula based on 95% deliverability and 5% per well be adopted for the field.

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. Sonerra completed its Big Moon Lease, Well No. 1, in August 2010 with perforations in the Travis Peak formation between 11,506 feet and 12,139 feet. On initial test, the well produced flowing at a maximum rate of 300 MCFGPD and 2 BOPD.

3. The Big Moon Lease, Well No. 1, is entitled to a new field designation.
 - a. There is no comparable Travis Peak formation production within 2.5 miles of the subject well.
 - b. The nearest production is approximately 4,600 feet to the south and produces gas from the Haynesville Shale formation in the Carthage (Haynesville Shale) Field at an average depth of 15,400 feet.
 - c. Sonerra calculated a virgin bottomhole pressure of 8,234 psi by using a fluid level and surface shut-in pressure.
 4. The correlative interval from 9,618 feet to 12,160 feet as shown on the log of the Sonerra Resources Corporation - Big Moon Lease, Well No. 1 (API No. 42-347-33165), JA Chirino Survey, A-17, Nacogdoches County, Texas, should be designated as the New Camp (Travis Peak) Field.
 5. Sonerra estimated that the additional cost to complete the wellbore in each of the reservoirs separately after depletion of reserves would be in the range of \$320,000 to \$500,000. In addition, the delay in the recovery of the reserves from each reservoir would result in the wells becoming less economic.
 6. Assuming an initial completion in four sands, an economic limit of 20 MCFGPD and an exponential decline rate of 15% per year, Sonerra calculated the incremental reserves to be recovered at approximately 134.8 MMCFG per well.
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7. Allocation based on 95% deliverability and 5% per well will protect correlative rights.

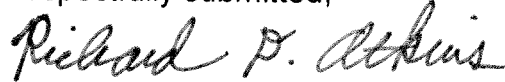
CONCLUSIONS OF LAW

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. Approval of the requested new field designation and adoption of Field Rules for the New Camp (Travis Peak) Field will prevent waste, protect correlative rights and promote the orderly development of the field.

RECOMMENDATION

Based on the above findings of fact and conclusions of law, the examiner recommends that the Commission approve the new field designation and adopt Field Rules for the New Camp (Travis Peak) Field, as requested by Sonerra Resources Corporation.

Respectfully submitted,



Richard D. Atkins, P.E.
Technical Examiner
