

**RAILROAD COMMISSION OF TEXAS**  
OIL AND GAS DIVISION

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CAPITOL STATION — P. O. DRAWER 12967

AUSTIN, TEXAS 78711

July 31, 1981

OIL AND GAS DOCKET NO. 7B-76,734

APPLICATION OF HEXAGON OIL & GAS, INC. FOR AN EXCEPTION TO STATEWIDE  
RULE 10 FOR THE X-RAY, S. (MARBLE FALLS) AND (MARBLE FALLS, LO.) FIELDS,  
ERATH COUNTY, TEXAS:

HEARD BY: Bill E. Watson on June 23, 1981

FOR APPLICANT: Carroll Martin, Flip Whitworth and Michael E. Locke

FOR PROTESTANT: None

EXAMINER'S REPORT AND RECOMMENDED ORDER

STATEMENT OF THE CASE

This is the application of Hexagon Oil & Gas, Inc. for an exception to  
Statewide Rule 10 for its Pannill Well No. 1 in the X-Ray, S. (Marble  
Falls) and (Marble Falls, Lo.) Fields, Erath County, Texas.

The well is currently completed as a single completion in the X-Ray, S.  
(Marble Falls) Field. The proposed zones to be downhole commingled are  
separated by a bridge plug.

APPLICANT'S EVIDENCE

The Applicant submitted numerous exhibits and supporting evidence to  
show that the proposed downhole commingling within the wellbore will  
extend the economic life of the subject well.

The evidence shows that the well was initially completed December 30,  
1980, in the X-Ray, S. (Marble Falls, Lo.) with perforations from  
3961-88'. Following acidizing and fracing, the well tested 335 Mcf/D.  
A bridge plug was then set and the well was perforated in the X-Ray, S.  
(Marble Falls) with overall perforations from 3567 to 3615'. After  
acidizing and fracing, erratic flow was experienced due to "heading".

The engineering witness testified that the upper zone is marginal at best and that multiple completion would not be economically feasible. He stated that both zones have remained shut-in following initial test awaiting pipeline connection.

A seven-well cross section submitted by the Applicant revealed the (Marble Falls) and (Marble Falls, Lo.) are separate producing intervals, separated by a conglomerate section. Current rules for the two fields are identical. And all wells in both fields are operated by the Applicant.

The evidence shows that the location is regular with respect to each zone for which the application is submitted. Royalty and working interests are identical. Although there is pressure differential of 250 psi, the witness is of the opinion that the higher pressure from the lower zone will assist in recovery of hydrocarbons from the upper zone which has a tendency to head.

The Applicant requests that, if approved, the well be assigned to X-Ray, S. (Marble Falls, Lo.) for proration purposes.

#### FINDINGS OF FACT

From an evaluation of the evidence presented in this hearing, the examiner makes the following findings of fact:

1. The subject well was initially completed December 30, 1980, in the X-Ray, S. (Marble Falls, Lo.) which had an absolute open flow of 335 Mcf/D.
2. After setting a bridge plug above the lower zone, the well was perforated in the Marble Falls with an overall interval from 3567 to 3615'.
3. After acidizing and fracing, the upper zone experienced erratic flow due to "heading".
4. The location is regular with respect to each zone; royalty and working interests are identical; and, cross flow is not anticipated.
5. The proposed downhole commingling would extend the economic life of the wells, thereby preventing waste.

CONCLUSIONS OF LAW

Based on the above findings and statutory powers and duties of the Commission, the examiner makes the following conclusions of law applicable to this application:

1. That the Commission has the authority to permit production of oil and gas in a commingled state from separate reservoirs if such production will prevent waste, promote conservation, or protect correlative rights. (Senate Bill 257, 66th Legislative Session, Vernon's Supp. 1979, effective May 29, 1979.)
2. That the request to downhole commingle gas from the X-Ray, S. (Marble Falls) and (Marble Falls, Lo.) Fields in the wellbore of the Pannill Well No. 1 will prevent waste, promote conservation, and protect correlative rights.

RECOMMENDATION

Based on the above findings and conclusions, the examiner recommends the attached Order approving an exception to Statewide Rule 10, permitting downhole commingling within the wellbore of the subject well.


Respectfully submitted,

  
 Bill E. Watson  
 Senior Staff Geologist

BEW:bs

RECOMMENDATION APPROVED:

RECOMMENDATION DENIED:

 Chief Engineer \_\_\_\_\_

Date of Commission Action 8-10-81