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April 7, 1994

OIL AND GAS DOCKET NO. 03-0203960

REVIEW OF TEMPORARY FIELD RULES FOR THE LYONS (GEORGETOWN) FIELD,
BURLESON COUNTY, TEXAS

REVIEWED BY: Doug O. Johnson, Technical Examiner

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Temporary field rules for the Lyons (Georgetown) Field were adopted on August 24, 1992 by Final Order No. 3-98,173. The rules adopted and currently in effect for the field are as follows:

1. Designation of the field as the correlative interval from 9,940 feet to 10,133 feet as shown on the log of the Texaco R. B. Lewis No. 1 Well.
2. Well spacing a minimum of 467 feet from lease lines and 1,200 feet between wells.
3. 320 acre gas units with 10% tolerance and a maximum diagonal of 6,500 feet.
4. 100% acreage allocation.

On December 7, 1994, the Commission issued notice to all operators in the field that the temporary field rules were subject to review. A hearing on the matter was not requested, but Texaco E & P, Inc. submitted information in support of making the temporary rules permanent.

DISCUSSION OF THE EVIDENCE

The Lyons (Georgetown) Field was discovered at an approximate depth of 9,945 feet in July 1990. At the time of the hearing to consider adopting the subject rules there were five producing wells in the field, two vertical and three horizontal. The Commission's Gas Proration Schedule indicates that there are now seven producing wells in the field, two vertical and five horizontal.

The current rules were adopted based on the projected performance of the oldest producing well in the field, Texaco' Giesenschlag "C" No. 1 Well - a vertical completion. The

well had a projected ultimate recovery of 784 MMCF, but has since gone off production having produced a total of 704 MMCF. The calculated equivalent drainage area for the well based on the reservoir parameters submitted at the original hearing is 295 acres.

Pursuant to the provisions of Statewide Rule 86, additional acreage may be assigned to the horizontal wells in proportion to the length of the horizontal drain hole. The acreage assigned to the current wells in the field varies from 320 acres to 520 acres. The remaining producers in the field have comparable producing characteristics to the Giesenschlag "C" No. 1 and, therefore, can reasonably be expected to effectively and efficiently drain up to 320 acres or more. Cumulative production from the field as of January 1, 1994, was approximately 3.2 BCF. The field currently produces around 3,000 MCFD. If the production continues to decline on the established trend of approximately 7.5% per year to an abandonment rate of 50 MCFD per well, then another 12.5 BCF will be recovered.

Based on the foregoing discussion, the examiner finds that the rules have been effective at regulating the orderly and efficient exploitation of the field and that the rules should be made permanent to prevent the drilling of unnecessary wells.

FINDINGS OF FACT

1. Notice was given to all operators in the Lyons (Georgetown) Field that the special temporary field rules adopted by Final Order No. 3-98,173 were subject to administrative review and possible cancellation.
2. The Lyons (Georgetown) Field was discovered in 1990 and is currently developed with seven producing wells.
3. The Commission established temporary field rules providing for 320 acre standard units on August 24, 1992.
4. The wells in the field have demonstrated the capability to ultimately produce all of the recoverable hydrocarbons from up to 320 or more.
5. Making the temporary field rules permanent will prevent the drilling of unnecessary wells.

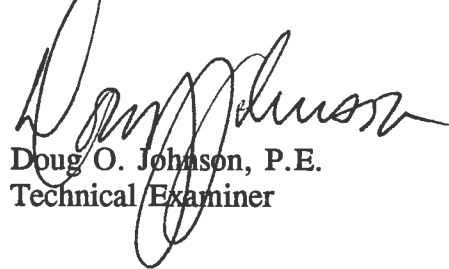
CONCLUSIONS OF LAW

1. Notice was given to all operators in the field that the Commission would review the temporary field rules for the field.
2. All things have occurred and been accomplished to give the Commission jurisdiction in this matter.
3. The adoption of the temporary rules on a permanent basis is necessary to prevent waste, prevent the drilling of unnecessary wells and protect correlative rights.

EXAMINER'S RECOMMENDATION

Based on the above findings and conclusions of law, the examiner recommends that the temporary rules for the Lyons (Georgetown) Field be made permanent.

Respectfully submitted,



Doug O. Johnson, P.E.
Technical Examiner

Date of Commission Action: _____ April 18 _____, 1994.

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