

THE APPLICATION OF BLACK POOL ENERGY, LP TO CONSIDER NEW FIELD DESIGNATION AND FIELD RULES FOR THE (PROPOSED) BRAZOS BLOCK 405 (10,040 SAND), OFFSHORE MATAGORDA COUNTY, TEXAS

Heard by: Donna K. Chandler on January 9, 2007

Appearances:

Dale Miller

Representing:

Black Pool Energy, LP

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Black Pool Energy, LP requests that a new field designation called the Brazos Block 405 (10,040 Sand) Field be approved for its State Tract 405-L N/2 SE/4 Well No. 1. Black Pool also requests that the following rules be adopted for the Brazos Block 405 (10,040 Sand) Field:

1. Designation of the field as the correlative interval from 10,040 feet to 10,470 feet as shown on the log of the State Tract 405-L N/2 SE/4 Well No. 1;
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 field rules.

DISCUSSION OF EVIDENCE

Black Pool Energy, LP completed its State Tract 405-L N/2 SE/4 Well No. 1 in October 2006. The well is perforated in the Lower Miocene from 10,040-10,080 feet and from 10,362-10,442 feet. On initial test, the well produced at a maximum rate of 4,500 MCFD. The initial bottomhole pressure was 6,488 psig.

The new field designation should be approved for the State Tract 405-L N/2 SE/4 Well No. 1. There are no wells within a 2½ mile radius of the No. 1 well which have produced from a comparable zone. The deepest production within 2 ½ miles is from a depth of approximately 9,200 feet.

Black Pool requests that the entire correlative interval between 10,040 feet and 10,470 feet in the State Tract 405-L N/2 SE/4 Well No. 1 be considered a single field known as the Brazos Block 405 (10,040 Sand) Field. This interval includes several separate

accumulations of hydrocarbons.

State statutes require that a two factor allocation formula be adopted for the proposed field designation to be considered a single field. Black Pool Energy, LP requests that allocation be based on 95% deliverability and 5% per well 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. Black Pool Energy, LP completed its State Tract 405-L N/2 SE/4 Well No. 1 in October 2006 with two sets of perforations in the Miocene between 10,040 and 10,442 feet.
3. The State Tract 405-L N/2 SE/4 Well No. 1 is entitled to a new field designation because there is no comparable production within a 2½ mile radius of the well.
4. The entire correlative interval from 10,040 feet to 10,470 feet as shown on the log of the State Tract 405-L N/2 SE/4 Well No. 1 should be designated as the Brazos Block 405 (10,040 Sand) Field.
5. Allocation based on 95% deliverability and 5% per well will protect correlative rights and meets statutory requirements for combining multiple productive zones into a single field.

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 will prevent waste, protect correlative rights and promote the orderly development of the field.

RECOMMENDATION

Based on the above findings and conclusions of law, the examiner recommends approval of the new field designation and adoption of field rules for the Brazos Block 405 (10,040 Sand) Field.

Respectfully submitted,

Donna K. Chandler
Technical Examiner