



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL AND GAS DOCKET NO. 01-0282218

THE APPLICATION OF SYNERGY-WEST EXPLORATION CO LLC TO ADOPT FIELD RULES FOR THE MASSIE WEST (PALUXY) FIELD, VAL VERDE COUNTY, TEXAS

HEARD BY: Richard D. Atkins, P.E. - Technical Examiner
Laura Miles-Valdez - Legal Examiner

HEARING DATE: May 31, 2013

APPEARANCES:

REPRESENTING:

APPLICANT:

Patrick Forbis
Sam Smith

Synergy-West Exploration Co LLC

EXAMINERS' REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

The Massie West (Paluxy) Field currently operates under Statewide Field Rules. Synergy-West Exploration Co LLC ("Synergy-West") requests that Field Rules be adopted, as shown below:

1. Designated correlative interval from 318 feet to 538 feet as shown on the log of the Rimfire Land & Cattle Co. - West Ranch Lease, Well No. 5S (API No. 42-465-30763);
2. 150'-0' well spacing;
3. 2 acre oil units with the filing of Form P-15 without proration unit plats;
4. Salvage classification with no allowable restrictions on oil or casinghead gas production.

The application is unopposed and the examiners recommend that Field Rules be adopted for the Massie West (Paluxy) Field, as requested by Synergy-West.



DISCUSSION OF EVIDENCE

The Massie West (Paluxy) Field was discovered in August 1959 at an average depth of 360 feet. There are ten inactive oil wells carried on the oil proration schedule and Synergy-West is the only operator in the field. The field currently operates under Statewide Field Rules. Cumulative production from the field through December 2012 is 110.5 MBO.

There is currently no defined correlative interval for the field. Synergy-West requests that the field be defined as the correlative interval from 318 feet to 538 feet as shown on the log of the Rimfire Land & Cattle Co. - West Ranch Lease, Well No. 5S (API No. 42-465-30763), Section 12, Block S10, W H Mauldin Survey, A-2013, Val Verde County, Texas. The correlative interval includes the entire Paluxy formation, which is located between the base of the Edwards Limestone formation and the top of the Glen Rose formation.

Synergy-West is redeveloping the Massie West (Paluxy) Field by drilling infill wells and requests Field Rules that will promote the efficient and effective development of the remaining hydrocarbons. The field is comprised of sands containing a high viscosity crude oil with an average net pay of approximately 11 feet. The estimated original oil in place is 895.0 MBO and the primary drive mechanism is gravity drainage. The wells that have produced from the field have only recovered approximately 12% of the original oil in place.

Synergy-West believes that a smaller density is necessary to increase the primary recovery from the field and to allow the placement of infill wells for a future in-situ combustion enhanced recovery project. Synergy-West requests 150'-0' well spacing and 2 acre oil units and argues that the proposed no between well spacing is necessary to allow the drilling of infill wells, which may have to be placed very near existing wells in some cases. The no between well spacing will also provide the necessary flexibility required to utilize the effects of gravity drainage in the reservoir.

Given the depleted status of the reservoir and a gravity drainage primary drive mechanism, there is no reason to limit production from wells in the field. Synergy-West requests a salvage classification with no allowable restrictions on oil or casinghead gas production and that proration unit plats not be required for individual wells, but that Form P-15 be filed to designate the number of acres to be assigned to each well with no maximum diagonal limitation.

FINDINGS OF FACT

1. Notice of this hearing was provided to all persons entitled to notice at least ten (10) days prior to the date of the hearing and no protests were received.

2. The Massie West (Paluxy) Field was discovered in August 1959 at an average depth of 360 feet.
 - a. There are ten inactive oil wells carried on the oil proration schedule and Synergy-West Exploration Co LLC ("Synergy-West") is the only operator in the field.
 - b. The field currently operates under Statewide Field Rules.
3. The Massie West (Paluxy) Field should be defined as the correlative interval from 318 feet to 538 feet as shown on the log of the Rimfire Land & Cattle Co. - West Ranch Lease, Well No. 5S (API No. 42-465-30763), Section 12, Block S10, W H Mauldin Survey, A-2013, Val Verde County, Texas. The correlative interval includes the entire Paluxy formation, which is located between the base of the Edwards Limestone formation and the top of the Glen Rose formation.
4. Field Rules for the Massie West (Paluxy) Field that provide for 150'-0' well spacing and 2 acre oil units are appropriate for the field.
 - a. Synergy-West is redeveloping the Massie West (Paluxy) Field by drilling infill wells and requests Field Rules that will promote the efficient and effective development of the remaining hydrocarbons.
 - b. The field is comprised of sands containing a high viscosity crude oil with an average net pay of approximately 11 feet.
 - c. The estimated original oil in place is 895.0 MBO and the primary drive mechanism is gravity drainage. The wells that have produced from the field have only recovered approximately 12% of the original oil in place.
 - d. A smaller density is necessary to increase the primary recovery from the field and to allow the placement of infill wells for a future in-situ combustion enhanced recovery project.
 - e. The proposed no between well spacing is necessary to allow the drilling of infill wells, which may have to be placed very near existing wells in some cases.
 - f. The no between well spacing will also provide the necessary flexibility required to utilize the effects of gravity drainage in the reservoir.

5. Given the depleted status of the reservoir and a gravity drainage primary drive mechanism, there is no reason to limit production from wells in the field.
6. A salvage classification with no allowable restrictions on oil or casinghead gas production is appropriate for the Massie West (Paluxy) Field.
7. The filing of Form P-15 to designate the number of acres to be assigned to each well for proration purposes with no proration unit plats will eliminate unnecessary paperwork.

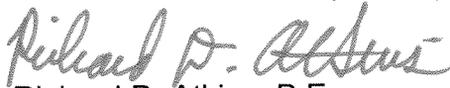
CONCLUSIONS OF LAW

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. Adopting Field Rules for the Massie West (Paluxy) Field is necessary to prevent waste, protect correlative rights and promote development of the field.

RECOMMENDATION

Based on the above findings of fact and conclusions of law, the examiners recommend that the Commission adopt Field Rules for the Massie West (Paluxy) Field, as requested by Synergy-West Exploration Co LLC.

Respectfully submitted,



Richard D. Atkins, P.E.
Technical Examiner



Laura Miles-Valdez
Legal Examiner