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RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL AND GAS DOCKET NO. 01-0284502

THE APPLICATION OF BLACKBRUSH OIL & GAS, L.L.C. TO AMEND THE FIELD RULES FOR THE HUGH FITZSIMMONS (SAN MIGUEL) FIELD, DIMMIT AND MAVERICK COUNTIES, TEXAS

HEARD BY: Paul Dubois – Technical Examiner
Laura Miles-Valdez – Legal Examiner

HEARING DATE: October 4, 2013

APPEARANCES:

REPRESENTING:

APPLICANT:

Paul Tough
John McBeath

Blackbrush Oil & Gas, L.L.C.

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Blackbrush Oil & Gas, L.L.C. (Blackbrush) requests that the correlative interval for the Hugh Fitzsimmons (San Miguel) Field be expanded to include unproductive shales above the productive San Miguel B sand. Blackbrush needs to expand the interval so that horizontal well completions will be compliant with Statewide Rule 13. Blackbrush proposes that the field interval be defined as the correlative interval between 3,300 feet and 4,000 feet as shown on the log of the San Pedro Ranch No. 806.

The correlative interval for the field was set at 3,406 to 4,000 feet by Commission Final Order (Docket No. 01-0282369, dated June 18, 2013). However, upon further review of well completion and geologic data, Blackbrush requests that the upper extent of the correlative interval be revised to 3,300 feet.

This application was unopposed and the examiners recommend approval of Blackbrush's request to expand the correlative interval for the field.

DISCUSSION OF THE EVIDENCE

The Hugh Fitzsimmons (San Miguel) Field was discovered in 1959 and there are approximately 200 wells in the field. Cumulative production from the wells in the field is about 2.58 MMBO. The field has been developed primarily with vertical wells, but recent active development is with horizontal wells. The field is currently defined as the correlative interval from 3,406 feet to 4,000 feet as shown on the log of the San Pedro Ranch No. 806. This interval was adopted in Docket No. 01-0282369 on June 18, 2013.

Blackbrush is requesting that the upper correlative interval be revised from 3,406 feet to 3,300 feet. In testimony, Blackbrush indicated that the 3,300 foot depth was the correct depth that should have been identified at the earlier hearing for Docket No. 01-0282369. Blackbrush provided summary testimony from that matter.

Blackbrush is drilling horizontal wells in the field using oil based drilling mud and gas (propane) to fracture stimulate wells as they believe the shales above and within the productive San Miguel B sand are sensitive to water and swell. The shales are so sensitive to water that the water in the cement will react and swell causing reduced production. The wells require uncemented liners to be placed within the San Miguel B with outside packers and require gas fracs to economically produce the wells. Adjusting the upper correlative interval to 3,300 feet will provide adequate space to successfully kick-off the lateral portion of the well for completion in the San Miguel B sand.

The zone between the top of the San Miguel B sand, 3,850 feet and the top of the interval, 3,300 feet is an unproductive, low permeability, sandy shale. There should be no fluids expected to be released from the expanded uncemented interval. Blackbrush requests no change in the other existing field rules.

FINDINGS OF FACT

1. Notice of this hearing was given to all operators of wells in the Hugh Fitzsimmons (San Miguel) Field at least ten days prior to the date of hearing.
2. The Hugh Fitzsimmons (San Miguel) Field was discovered in 1959. The current interval for the field is from 3,406 feet to 4,000 feet as shown on the log of the San Pedro Ranch No. 806.
3. Production from the field is primarily from vertical wells. Cumulative production from the 200 wells in the field has been 2.58 MMBO.
4. Blackbrush is drilling horizontal wells in the field using oil based drilling mud and gas (propane) to fracture stimulate wells as they believe the shales above and within the productive San Miguel B sand are sensitive to water and swell.

5. The shales are so sensitive to water that the water in the cement will react and swell causing reduced production. The wells require uncemented liners to be placed within the San Miguel B with outside packers and require gas fracs to economically produce the wells.
6. The interval from 3,300 feet to 3,406 feet as shown on the log of the San Pedro Ranch No. 806 includes unproductive, low permeability, sandy shale that is not expected to produce any fluids.
7. Expansion of the correlative interval for the field to include the unproductive zone will maximize ultimate recovery from wells in the field.

CONCLUSIONS OF LAW

1. Proper notice of this hearing was given to all persons legally entitled to notice.
2. All things have occurred or been accomplished to give the Railroad Commission jurisdiction in this matter.
3. Expansion of the designated interval for the Hugh Fitzsimmons (San Miguel) Field as proposed by Blackbrush Oil & Gas, L.L.C. is necessary to prevent waste and protect correlative rights.

EXAMINER'S RECOMMENDATION

Based on the above findings and conclusions, the examiners recommend that the field interval for the Hugh Fitzsimmons (San Miguel) Field be expanded as proposed by Blackbrush Oil & Gas, L.L.C to promote the recovery of additional resources that would otherwise go unrecovered.


Paul Dubois
Technical Examiner

Respectfully submitted,


Laura Miles-Valdez
Legal Examiner