

**OIL AND GAS DOCKET NO. 02-0232051**

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**THE APPLICATION OF ESENJAY EXPLORATION, INC., FOR PERMANENT FIELD RULES IN THE HORDES CREEK (JUDY SAND) FIELD, GOLIAD COUNTY, TEXAS**

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**Heard by:** Margaret Allen, Technical Hearings Examiner

**Procedural history**

Application received: July 26, 2002

Hearing held: August 16, 2002

**Appearances**

Michael McElroy  
Dale W. Alexander

Representing  
Esenjay Exploration, Inc.,

**EXAMINER'S REPORT AND RECOMMENDATION**

**STATEMENT OF THE CASE**

Esenjay Exploration is seeking the following operating rules for the Hordes Creek (Judy Sand) Field:

1. Designated interval from 12,330 to 13,300 feet as shown on the log of the Esenjay Hamman and Anderson Gas Unit (formerly the Pereira Children's Trust) Lease Well No. 2;
2. allocation based on 95% on deliverability and 5% per well.

**DISCUSSION OF THE EVIDENCE**

The Hordes Creek (Judy Sand) Field was discovered February of 2001, with the completion of Esenjay's Hamman and Anderson Gas Unit (formerly the Pereira Children's Trust) Lease Well No. 2. This application will expand the designated interval for the field to .

Esenjay testified that the field was Taylor Sand is somewhat more permeable than the rest of the

Esenjay is requesting the designated field interval extend from 12,330' to 13,300' as shown on the log of the its Hamman and Anderson Gas Unit (formerly the Pereira Children's Trust) Lease Well No. 2. Because of the multiple lenticular reservoirs within the proposed designated interval, a two-factor allocation formula is required by statute. One based 5% per well and 95% on deliverability is close to Statewide Rules and will satisfy the statutory requirements. The field is otherwise on Statewide Rules.

**FINDINGS OF FACT**

1. Notice of this hearing was given to all operators in the field and to all offset operators and unleased mineral interest owners to the discovery tract on May 9, 2001.
2. The Carthage, North (Cotton Valley) Field was discovered at a depth of 9730' in 1981.
3. Esenjay operates 23 of the wells of the 62 wells in the field and most of the development has occurred since 2000.
4. The discovery well, Sun Oil Company Blocker Heirs GU Well No. 1 was completed only in the Taylor Sand, the lowermost sandstone of the Cotton Valley Formation.
5. The recent development wells are about 15 miles south of the discovery well and are perforated in the Taylor and upper Cotton Valley sandstones.
6. The Cotton Valley contains multiple, lenticular reservoirs and it is not economic to complete in a single sandstone lens at a time.
7. The entire Judy Sand extends from 12,330 feet to 13,300 feet, as shown on the log of the Esenjay Exploration, Inc., Hammond and Anderson Gas Unit (formerly the Pereira Children's Trust) Lease Well No. 2.
8. A two-factor allocation formula is necessary for statutory reasons due to the multiple reservoirs within the designated interval.
9. A formula based 5% per well and 95% on deliverability is close to the Statewide allocation formula, and will satisfy the statutory requirements.
10. The Hordes Creek (Judy Sand) is otherwise on Statewide Rules.

#### **CONCLUSIONS OF LAW**

1. Proper notice was given as required by statute.
2. All things have been done or occurred to give the Railroad Commission jurisdiction to resolve this matter.
3. The requested field rules will prevent waste, protect correlative rights within the field, and promote orderly development of the reservoir.

#### **EXAMINER'S RECOMMENDATION**

Based on the above findings and conclusions, the examiner recommends that the requested designated interval and two-factor allocation formula be adopted as field rules for the Hordes Creek (Judy Sand) Field, as per the attached order.

Respectfully submitted,

Margaret Allen  
Technical Hearings Examiner

Date of Commission Action: September 12, 2002