

THE APPLICATION OF FORTAY INC. TO CONSIDER TEMPORARY FIELD RULES FOR THE HARTLEY, SE (GRANITE WASH 6669) FIELD, HARTLEY COUNTY, TEXAS

Heard by: Andres J. Trevino, P.E. on October 22, 2010

Appearances:

Glenn E. George

Representing:

Fortay Inc.

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Fortay Inc. requests that temporary field rules be adopted for the Hartley, SE (Granite Wash 6669) Field. The proposed rules are summarized as follows:

1. Designation of the field as the correlative interval from 6,669 feet to 6,686 feet as shown on the log of the Fortay, Inc., Dreams of Oil Lease Well No. 1012;
2. 660' - 1,320' well spacing;
3. 80 acre oil units with 40 acre tolerance and a maximum diagonal of 3,250 feet;
4. Allocation based on 100% acreage.

This application was unopposed and the examiner recommends adoption of the proposed temporary field rules.

DISCUSSION OF EVIDENCE

The Hartley, SE (Granite Wash 6669) Field was discovered in May 2010 upon completion of the Dreams of Oil, Well No. 1012 by Fortay Inc. On initial test, the well pumped at a rate of 435 BOPD, no gas or water. There are other wells in the field, however, there is one well currently being drilled by Fortay.

The Dreams of Oil, Well No. 1012 is perforated in the Missourian Granite Wash between 6,669 feet and 6,686 feet. Fortay requests that the field be designated as the correlative interval from 6,669 feet to 6,686 feet as shown on the log of the Dreams of Oil, Well No. 1012. This interval includes only the productive interval of the Missourian Granite Wash sand. The zone below is water wet and is not productive. The field is a seismic target found between two sealing faults. Bottom hole pressure data indicates virgin pressure is sub-normal at 1,639 psi at 6,669 feet. This pressure gradient is normal for fields in the area of

the Panhandle.

The Dreams of Oil, Well No. 1012 has produced 52,476 BO through October 19 2010. Using an exponential decline recovery projection, assuming a 55% annual decline, the well will ultimately recover a total of 220,424 BO. Using decline curve analysis the well is estimated to recover 226,200 BO. Average porosity of the reservoir is 23%, the average water saturation is 41% and the average net effective oil pay thickness is 15 feet. Recoverable reserves are estimated to be 2,746 STB/ac-ft based on a 20% recovery factor. The recovery factor maybe higher as it is initially believed the reservoir may have a minor water drive. Volumetric calculations indicated that the Dreams of Oil, Well No. 1012 will drain approximately 80.26 acres.

Fortay requests 660'-1,320' well spacing, which is standard for 80 acre density. Fortay also requests that allocation be based on 100% acreage.

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. The Hartley, SE (Granite Wash 6669) Field was discovered in May 2010 upon completion of the Dreams of Oil, Well No. 1012 by Fortay Inc. There is currently one other well being drilled by Fortay.
3. With an estimated ultimate recovery of 220,424 BO for the Dreams of Oil Well No. 1012, the well is expected to drain approximately 80.3 acres.
4. Well spacing a minimum of 660 feet from lease lines and 1,320 feet between wells is standard for 80 acre density.
5. Allocation based on 100% acreage is a reasonable method of allocation which will protect the correlative rights of mineral owners in the 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. Adoption of the proposed field rules for the Hartley, SE (Granite Wash 6669) Field on a temporary basis is necessary to prevent waste, protect correlative rights and promote development of the field.

RECOMMENDATION

Based on the above findings and conclusions of law, the examiner recommends that the Commission adopt the field rules proposed by Fortay Inc. for the Hartley, SE (Granite Wash 6669) Field on a temporary basis, subject to review in 18 months.

Respectfully submitted,

Andres J. Trevino, P.E.
Technical Examiner