RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL AND GAS DOCKET NO. 10-0289117

APPLICATION OF J-BREX COMPANY TO ADOPT FIELD RULES FOR THE COLDWATER CREEK, E. (OSWEGO) FIELD, HANSFORD COUNTY, TEXAS

HEARD BY: Paul Dubois – Technical Examiner
Cecile Hanna – Hearings Examiner

DATE OF HEARING: June 11, 2014

APPEARANCES:	**REPRESENTING:**
Dale Miller	J-Brex Company
Richard D. Atkins, P.E.	

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

J-Brex Company (J-Brex) requests that field rules be adopted permanently for the Coldwater Creek, E. (Oswego) Field in Hansford County, Texas. J-Brex requests the following field rules be adopted for the field:

- Establish a correlative interval from 6,099 feet to 6,192 feet;
- 467 feet lease line spacing and 1,200 feet between well spacing;
- 640 acre standard drilling and proration units and 320 acre optional units; and,
- Allocation based on 100 percent acreage.

J-Brex also requests that the allocation formula be suspended and the field be assigned absolute open flow (AOF) status. The application was not protested. The examiners recommend that the field rules be adopted as requested by J-Brex.

DISCUSSION OF THE EVIDENCE

The Coldwater Creek, E. (Oswego) Field was discovered on October 23, 2012 at a depth of 6,140 feet. The June 2014 proration schedule indicates one gas well in the field, the Peak Texas Resources, LLC, Williams Lease Well No. 202N discovery well (API No. 195-31877). A new field designation was approved on June 28, 2013 indicating a reservoir interval from 6,140 feet to 6,185 feet. On initial potential testing the well produced 935 MCF gas with a bottom hole pressure of 1,148 psig and a gas-oil ratio of 311,826 SCF per bbl. The field is currently on statewide spacing and density rules. The discovery well produced about 1 MMCF gas per day for eight months and then appeared to have mechanical problems and has not subsequently produced.

J-Brex has completed two wells in the field that are not yet on the current proration schedule. J-Brex is proposing to establish a new type log and correlative interval for the field that includes the entirety of the Oswego Formation. The proposed correlative interval is the depth interval from 6,099 to 6,192 feet as shown on the log of the J-Brex Company Double D Lease, Well No. 2-203 (API No. 42-195-31891, also identified as Double D-E Well No. 2203), Section 203, Block 2, GH&H RR Co. Survey, A-125, Hansford County, Texas. The Double D No. 2-203 has produced gas for about six months, and averaged about 75 MMCF per month. The J-Brex Long No. 1230 well has produced for about three months.

The Oswego Formation in the Coldwater Creek, E. (Oswego) Field area exhibits porosity of about 12.5 percent, water saturation of 50 percent, gas gravity of 0.75, and appears to operate under a gas depletion drive mechanism. J-Brex estimates the reservoir contains 2.72 MCF gas per acre-foot of pay, resulting in estimated recoverable gas reserves under a 320 acre unit of 1,854,144 MCF, and 3,708,288 MCF under a 640 acre unit. J-Brex further estimates that its Double D No. 2-203 well drains an estimated 440 acres, and the discovery Williams No. 202N well drained about 231 acres. The third well in the field, the J-Brex Long No. 1230 has not been producing long enough to evaluate its productive potential and drainage area.

FINDINGS OF FACT

1. Notice of this hearing was sent to all operators in the subject field at least ten (10) days prior to the hearing.

2. The hearing was not protested.

3. The Coldwater Creek, E. (Oswego) Field was discovered on October 23, 2012 at a depth of 6,140 feet.

4. A new field designation was approved on June 28, 2013 indicating a reservoir interval from 6,140 feet to 6,185 feet.

5. On initial potential testing the discovery well (Peak Texas Resources, LLC, Williams Lease Well No. 202N, API No. 195-31877) produced 935 MCF gas from a bottom hole pressure of 1,148 psig and a gas-oil ratio of 311,826 SCF per bbl.

6. The proposed correlative interval includes the entirety of the Oswego Formation in the depth interval from 6,099 to 6,192 feet as shown on the log of the J-Brex Company Double D Lease, Well No. 2-203.

7. The field area exhibits porosity of about 12.5 percent, water saturation of 50 percent, gas gravity of 0.75, and appears to operate under a gas depletion drive mechanism.

8. J-Brex estimates the reservoir contains 2.72 MCF gas per acre-foot of pay, resulting in estimated recoverable gas reserves under a 320 acre unit of 1,854,144 MCF, and 3,708,288 MCF under a 640 acre unit.

9. The Double D No. 2203 well drains an estimated 440 acres, and the discovery Williams No. 202N well drained about 231 acres.

10. Adopting as permanent the proposed field rules will reduce waste, protect correlative rights, and promote the orderly development of 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. The proposed field rules will reduce waste, protect correlative rights, and promote the orderly development of the field.

EXAMINERS' RECOMMENDATION

Based on the above findings of fact and conclusions of law, the examiners recommend adopting as permanent the field rules for the Coldwater Creek, E. (Oswego) Field, as requested by J-Brex Company.

Respectfully submitted,

Paul Dubois
Technical Examiner

Cecile Hanna
Hearings Examiner