



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL AND GAS DOCKET NO. 02-0287465

THE APPLICATION OF BIG LAKE CORPORATION TO CONSOLIDATE THE COLOGNE (4650), COLOGNE (4700), COLOGNE (4700 OIL), COLOGNE (4800), AND COLOGNE (4800 OIL) INTO THE COLOGNE FIELD AND AMEND THE SPECIAL FIELD RULES FOR THE COLOGNE FIELD, VICTORIA COUNTY

HEARD BY: Karl Caldwell - Technical Examiner
Laura Miles-Valdez - Legal Examiner

REVIEWED BY: Brian Fancher, P.G. - Technical Examiner

HEARING DATE: March 28, 2014

APPEARANCES:	REPRESENTING:
Lloyd Muennink Roland Baker	Big Lake Corporation

EXAMINERS' REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Big Lake Coporation (Big Lake) requests that the Cologne (4650), Cologne (4700), Cologne (4700 Oil), Cologne (4800), and Cologne (4800 Oil) Fields be consolidated into the existing Cologne Field.

<u>FIELD NAME</u>	<u>FIELD NUMBER</u>
Cologne	19744 001
Cologne (4650)	19744 885
Cologne (4700)	19744 897
Cologne (4700 Oil)	19744 900
Cologne (4800)	19744 920
Cologne (4800 Oil)	19744 925

In addition, Big Lake seeks to amend the existing special field rules for the Cologne Field, to provide the following:

1. A designated correlative interval for the consolidated Cologne Field from 4,500 feet to 5,250 feet, as shown on the log of the BJB Exploration Co., J. Salinas "A", Well No. 2, in the Pedro Gallardo Survey (A-32) in Victoria County; and,
2. 20-acre proration units.

The subject application is unopposed, and the examiners recommend that it be approved as proposed by Big Lake.

DISCUSSION OF THE EVIDENCE

Roland Baker, a consulting geologist, testified on behalf of Big Lake. As mentioned, Big Lake seeks to consolidate the Cologne (4650) - Cologne (4800 Oil) into the existing Cologne Field. Beyond that, Big Lake proposes special field rules for the consolidated Cologne Field.

In 1939, the Cologne Field was discovered at an average depth of 4,827 feet below ground surface. The collective group of subject fields generally produce through the Frio formation between 4,600 feet and 4,800 feet. Mr. Baker testified that the Cologne Field was abandoned during the 1990's; however, Big Lake re-established production from the field through its operations in 2001.

Big Lake submitted copies of the April 2014 Oil Proration Schedule for each of the constituent fields excluding the Cologne Field and the Cologne (4800) Field. No wells exist in the Cologne (4800) Field, and Big Lake is the only operator throughout the remaining subject fields except for the Cologne (4700) Field, which includes Ampak Oil Company (Ampak). Ampak operates one inactive well in the Cologne (4700) Field. In summary, Mr. Baker asserted that Big Lake is the only active operator in the five fields it proposes to consolidate into the Cologne Field.

After the hearing, by letter dated March 28, 2014, counsel on behalf of Big Lake requested to designate the consolidated Cologne Field as the correlative interval from 500 feet to 5,260 feet, as shown on the type log of the BJB Exploration Co., J. Salinas "A", Well No. 2, in the Pedro Gallardo Survey (A-32) in Victoria County. However, review of the record evidence indicated that shallow wells above the subject fields exist in other Commission-designated fields that were not considered as part of the subject application.

On October 24, 2014, a examiner letter was mailed to Big Lake requesting further clarification of its originally proposed correlative interval, and whether shallow gas fields exist above the six subject fields.

By letter dated October 24, 2014, counsel on behalf of Big Lake amended its originally proposed correlative interval for the consolidated Cologne Field to 4,500 feet to 5,250 feet, as shown

on the log of the BJB Exploration Co., J. Salinas "A", Well No. 2, in the Pedro Gallardo Survey (A-32) in Victoria County.

Big Lake requests that the minimum amount of acreage required to drill a well in the consolidated Cologne Field be reduced from 40-acres to 20-acres. Big Lake submitted a drainage calculation based on the J. Salinas Lease, Well No. 8, the most prolific producing well operated by Big Lake within the subject fields. The No. 8 well is expected to radially drain between 7.2 and 8.7-acres. As a result, Big Lake asserts that reducing the well density provision to 20-acres is appropriate.

FINDINGS OF FACT

1. Big Lake Corporation ("Big Lake") requests that the Cologne (4650), Cologne (4700), Cologne (4700 Oil), Cologne (4800), and Cologne (4800 Oil) Fields be consolidated into the Cologne Field.
2. Big Lake requests to amend the existing special field rules for the existing Cologne Field, to provide for a designated correlative interval and 20-acre proration units.
3. Big Lake's proposed designated correlative interval for the consolidated Cologne Field is from 4,500 feet to 5,250 feet, as shown on the log of the BJB Exploration Co., J. Salinas "A", Well No. 2, in the Pedro Gallardo Survey (A-32) in Victoria County is appropriate.
4. The Cologne Field was discovered in 1939 at an average depth of 4,827 feet below ground surface.
5. The Cologne Field was abandoned during the 1990's. Big lake re-established production from the Cologne field through its operations in 2001.
6. Big Lake is the only active operator in the majority of the subject fields it proposes to consolidate into the Cologne Field.
7. The Cologne Field was abandoned during the 1990's. Big lake re-established production from the Cologne field through its operations in 2001.
8. Big Lake submitted a drainage calculation based on the Frio 4,700 sand encountered in the J. Salinas Lease, Well No. 8, which will radially drain between 7.2 and 8.7-acres.
9. Consolidation of the Cologne (4650), Cologne (4700), Cologne (4700 Oil), Cologne (4800), and Cologne (4800 Oil) Fields into the Cologne Field is appropriate.

11. Adoption of 20-acre proration units for the consolidated Cologne Field is appropriate.
10. Notice of Hearing for the subject application was mailed to all operators in the subject fields.

CONCLUSIONS OF LAW

1. Resolution of the subject application is a matter committed to the jurisdiction of the Railroad Commission of Texas. Tex. Nat. Res. Code §81.051.
2. Legally sufficient notice has been provided to all affected persons.
3. The Cologne (4650), Cologne (4700), Cologne (4700 Oil), Cologne (4800), and Cologne (4800 Oil) Fields be consolidated into the Cologne Field, as proposed by Big Lake Corporation, will prevent waste and protect correlative rights.

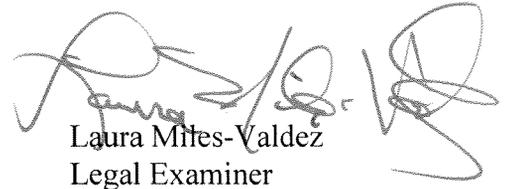
EXAMINERS' RECOMMENDATION

Based on the above findings of fact and conclusions of law, the examiners recommend that the Cologne (4650), Cologne (4700), Cologne (4700 Oil), Cologne (4800), and Cologne (4800 Oil) Fields be consolidated into the Cologne Field, and that the consolidated Cologne Field be governed by the special field rules ultimately proposed by Big Lake Corporation.

Respectfully submitted,



Brian Fancher, P.G.
Technical Examiner



Laura Mites-Valdez
Legal Examiner