

OIL AND GAS DOCKET NO. 02-0254699

THE APPLICATION OF EL PASO E & P COMPANY, L.P. TO CONSIDER NEW FIELD DESIGNATION AND FIELD RULES FOR THE (PROPOSED) NEIGHBORHOOD (LOWER WILCOX) FIELD, LAVACA COUNTY, TEXAS

Heard by: Donna K. Chandler on February 7, 2008

Appearances:

Jim Cowden
Brian Windham

Representing:

El Paso E & P Company, L.P.

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

El Paso E & P Company, L.P. requests that a new field designation called the Neighborhood (Lower Wilcox) Field be approved for its Rodgers No. 1. El Paso requests that the following field rules be adopted for the new field:

1. Designation of the field as the correlative interval from 13,595 feet to 14,880 feet as shown on the log of the Rodgers GU No. 1 Well No. 2;
2. Allocation based on 95% deliverability and 5% per well.

There were no protests to this application and the examiner recommends approval of the new field designation and field rules.

DISCUSSION OF EVIDENCE

El Paso E & P Company, L.P. completed its Rodgers No. 1 in September 2007. The well is perforated in the Lower Wilcox with selective perforations between 14,358 feet and 14,851 feet. On initial test, the well produced at a rate of 15,100 MCFD and has produced almost 1 BCF of gas. In December 2007, El Paso completed its Rodgers GU No. 1 Well No. 2. This well encountered a thicker productive interval and is selectively perforated between 13,686 and 14,875 feet. This well produced at a rate of 1,995 MCFD on initial test.

The new field designation should be approved for the Rodgers No. 1. There are more than 100 wellbores within a 2½ mile radius of the No. 1 well. However, only four wells are drilled deeper than 13,500 feet. All four wells are over 2 miles away from the Rodgers wells and are producing from the Speaks, S. (Lower Wilcox) Field. These wells are separated by several faults from the Rodgers wells. Additionally, both Rodgers wells encountered virgin pressure in excess of 12,000 psi.

El Paso requests that the entire correlative interval between 13,595 feet and 14,880 feet in the Rodgers GU No. 1 Well No. 2 be considered a single field known as the Neighborhood (Lower Wilcox) Field. This interval includes several Wilcox sands which would not be economically produced as separate completions.

State statutes require that a two factor allocation formula be adopted for the proposed field designation to be considered a single field. El Paso requests that allocation be based on 95% deliverability and 5% per well for the field.

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. El Paso E & P Company, L.P. completed its Rodgers No. 1 in September 2007. The Rodgers GU No. 1 Well No. 2 was completed in December 2007, but encountered a thicker productive interval than the No. 1 well.
3. The Rodgers No. 1 is entitled to a new field designation.
 - a. There are more than 100 wellbores within a 2½ mile radius of the No. 1 well but only four wells were drilled deep enough to penetrate the producing interval found in the Rodgers No. 1 and Rodgers GU No. 1 Well No. 2.
 - b. The four wells are almost 2½ miles away and produce from the Speaks, S. (Lower Wilcox) Field. These wells are fault separated from the Rodgers No. 1 and Rodgers GU No. 1 Well No. 2.
 - c. Both the Rodgers No. 1 and the Rodgers GU No. 1 Well No. 2 encountered virgin pressure in excess of 12,000 psi.
4. The entire correlative interval from 13,595 feet to 14,880 feet in the Rodgers GU No. 1 Well No. 2 should be designated as the Neighborhood (Lower Wilcox) Field.

5. Allocation based on 95% deliverability and 5% per well will protect correlative rights and meets statutory requirements for combining multiple productive zones into a single 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. Approval of the requested new field designation and adoption of field rules will prevent waste, protect correlative rights and promote the orderly development of the field.

RECOMMENDATION

Based on the above findings and conclusions of law, the examiner recommends approval of the new field designation and adoption of field rules for the Neighborhood (Lower Wilcox) Field.

Respectfully submitted,

Donna K. Chandler
Technical Examiner