

**THE APPLICATION OF EEX E & P COMPANY, L.P. FOR NEW FIELD DESIGNATION AND TO ESTABLISH A TWO FACTOR ALLOCATION FORMULA IN THE LA REFORMA (VICKSBURG 13) FIELD, HIDALGO COUNTY, TEXAS**

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**Heard by:** Donna K. Chandler on September 21, 2000

**Appearances:**

Dale Miller

**Representing:**

EEX E & P Company, L.P.

**EXAMINER'S REPORT AND RECOMMENDATION**

**STATEMENT OF THE CASE**

EEX E & P Company, L.P. requests that a new field designation called the La Reforma (Vicksburg 13) Field be approved for its A. Guerra "B" Well No. 13. It is further requested that the following rules be adopted for the new field.

1. Designation of the field as the correlative interval from 8,600 feet to 9,300 feet as shown on the log of the A. Guerra "B" No. 13;
2. Allocation based on 95% deliverability and 5% per well.

This application was unopposed and the examiner recommends approval of the new field designation and proposed field rules. However, the examiner recommends that the new field be called the La Reforma (Vicksburg 11-13) Field.

**DISCUSSION OF EVIDENCE**

EEX E & P Company completed its A. Guerra "B" No. 13 in May 2000 with perforations in the Vicksburg 13 between 9,161 feet and 9,280 feet. The well was tested at a rate of 1,963 MCFD, 83 BCPD and 94 BWPD. If this application is approved, EEX will add perforations in the Vicksburg 11 and 12 at approximately 8,700 feet and 8,900 feet. The Guerra "B" No. 13 has produced 48 MMCF of gas and 1,600 BC through September 5, 2000. The latest rate was 270 MCFD and the well is currently shut-in to be worked over upon approval of this application.

The Vicksburg 13 completion had an initial bottomhole pressure of 6,566 psi, which is virgin pressure for geo-pressured Vicksburg reservoirs. The subject reservoir is bounded by faults on all sides, some with over 1,000 feet of throw. There is no production from the Vicksburg 11,12 or 13 within a 2 1/2 mile radius of the A. Guerra "B" No. 13. The nearest well producing from a

comparable depth is the Guerra "B" No. 4. The No. 4 is approximately 2,500 feet to the north of the Guerra "B" No. 13 and produces from the Vicksburg W at approximately 8,600 feet.

EEX estimates that the Guerra "B" No. 13 will ultimately recover 3.2 BCF of gas, assuming that all three zones can be fracture treated simultaneously and produced as a single completion. Ultimate recovery from the intervals will be maximized by consolidation of the Vicksburg 11,12 and 13 into a single field. If each zone must be fracture treated and produced separately, the economic limit of each zone will be much higher than the combined economic limit of the three zones.

A two factor allocation formula is necessary for the entire interval to be considered a single field. EEX requests that allocation be based on 95% deliverability and 5% per well.

### **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 A. Guerra "B" No. 13 was completed in the Vicksburg 13 in May 2000 with perforations from 9,161-9,280 feet.
3. The A. Guerra "B" No. 13 initially tested 1,963 MCFD, 83 BCPD and 94 BWPD. The well most recently produced 270 MCFD.
4. The A. Guerra "B" No. 13 is entitled to a new field designation.
  - a. The well had an initial bottomhole pressure of 6,566 psi, which is virgin pressure.
  - b. The Vicksburg 11,12 and 13 reservoirs encountered in the well are bounded by faults.
  - c. There is no Vicksburg 11,12 or 13 production within 2 1/2 miles of the No. 13.
5. Additional reserves will be recovered from each of the three Vicksburg sands if the sands are produced as a single field.
6. Allocation based on 95% deliverability and 5% per well will protect correlative rights of mineral owners in the field and will satisfy statutory requirements for combining multiple zones into a single field designation.

**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 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 the requested rules.

Respectfully submitted,

Donna K. Chandler  
Technical Examiner