

**THE APPLICATION OF MANTI OPERATING COMPANY TO CONSIDER NEW FIELD DESIGNATION AND FIELD RULES FOR THE BAFFIN BAY (FRIO LOWER) FIELD, KENEDY COUNTY, TEXAS**

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**Heard by:** Donna K. Chandler on April 5, 2000

**Appearances:**

Tim George  
Chris Douglas  
Bobby Driver, Jr.

**Representing:**

Manti Operating Company

**EXAMINER'S REPORT AND RECOMMENDATION**

**STATEMENT OF THE CASE**

Manti Operating Company requests that a new field designation called the Baffin Bay (Frio Lower) Field be approved for its Baffin Bay State Tract 65 Well No. 2. It is further requested that the following rules be adopted for the new field.

1. Designation of the field as the correlative interval from 12,310 feet to 13,650 feet as shown on the log of the Baffin Bay State Tract 65 No. 2;
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.

**DISCUSSION OF EVIDENCE**

Manti Operating Company completed its Baffin Bay State Tract 65 No. 2 in January 2001 with perforations in the Lower Frio from 12,344-13,615 feet. The well had been drilled in 1982 by Exxon and had produced from the M-64 Sand until September 2000 when it was recompleted in the Lower Frio by Manti. The calculated AOF in the Lower Frio was 9,613 MCFD.

The initial bottomhole pressure in the Baffin Bay State Tract 65 No. 2 was 9,036 psi. The nearest comparable production is the Baffin Bay (12,290) Field approximately ½ mile to the northwest. The last production from this field was in 1986. This area is highly faulted and the

Baffin Bay State Tract 65 No. 2 produces from a separate fault block than any other well.

Manti requests that the interval between 12,310 feet and 13,650 feet be designated as the Baffin Bay (Frio Lower) Field. The Baffin Bay State Tract 65 No. 2 is perforated in an upper section of the Lower Frio between 12,344 and 12,470 feet and in a lower section between 13,242 and 13,614 feet. The two perforated intervals have similar pressures and rock properties and the fluids are compatible. This workover in Baffin Bay cost over \$5 million and separate completions in the intervals would not be economically feasible. It is estimated that recovery from the two intervals will be 7.5 BCF of gas.

A two factor allocation formula is necessary for the entire interval to be considered a single field. The new field application was administratively denied because of the necessity of a two factor formula.

### **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 Baffin Bay State Tract 65 No. 2 was completed in January 2001 with perforations in two sections of the Lower Frio between 12,344 feet and 13,615 feet.
3. The Baffin Bay State Tract 65 No. 2 is entitled to a new field designation.
  - a. The well had an initial bottomhole pressure of 9,036 psi.
  - b. The reservoir from which the well produces is fault separated from all other producing wells within 2 ½ miles.
  - c. The nearest comparable production is the Baffin Bay (12,290) Field approximately ½ mile to the northwest. There has been no production from this field since 1986.
5. The two producing intervals within the proposed designated interval have similar rock and fluid properties and similar pressures.
6. Additional reserves will be recovered from the Lower Frio if the sands are produced as a single field instead of as separate completions.
7. 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 adoption of the proposed 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