

July 26, 2002

OIL AND GAS DOCKET NO. 04-0231711

THE APPLICATION OF TOTALFINAELF E & P USA, INC., FOR NEW FIELD DESIGNATION AND TWO-FACTOR ALLOCATION FORMULA FOR (PROPOSED) EL EBANITO (T-12) FIELD, STARR COUNTY, TEXAS

Heard by: Margaret Allen, Technical Hearings Examiner

Procedural history

Application received: June 14, 2002

Hearing held: July 19, 2002

Appearances

Greg Cloud
Bob Tierney

Representing
TotalFinaElf E&P USA, Inc.

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

TotalFinaElf E&P USA, Inc., is seeking to have its T.B. Slick Estate Lease Well No. 128 designated as the discovery well for a field to be known as El Ebanito (T-12) Field. Because the field contains multiple lenticular reservoirs a two-factor allocation formula is necessary. TotalFinaElf is proposing the following rules:

1. Designated interval from 8745 to 9990 feet as shown on the log of the TotalFinaElf, T.B. Slick Estate Lease Well No. 128; and
2. allocation based 5% per well and 95% on deliverability.

DISCUSSION OF THE EVIDENCE

TotalFinaElf completed its T.B. Slick Estate Lease Well No. 128 as a gas well in February of 2002. The maximum initial test rate of the well was 9426 MCF/D at a bottom-hole pressure of 5145 psi with a gas/liquid ratio of 37,381 cubic feet per barrel.

There have been dozens of producing fields approved within 2-1/2 miles but almost all of them are much shallower than Well No. 128. The closest producing well at a comparable depth is 550' to the northeast. The T.B. Slick Estate Well No. 111 produces from the Vicksburg T-8 sandstones. Well No. 128 is completed in the up-thrown block of a fault where the T-12 sandstones are at about the same depth as the T-8 sandstones on the other side of the fault.

There are two sandstone sections perforated within the Vicksburg Formation in the proposed field. The gross interval of the T-12 and T-13 sands extends from 8745' to 9990' feet in the T.B. Slick Estate Well No. 128. The T-12 sandstone is perforated from 8758' to 8847', while the T-13 sandstones

are perforated from 9458' to 9508'. Because of the multiple reservoirs, a two-factor allocation formula is required by statute. One based 5% per well and 95% on deliverability will satisfy this statutory requirement.

FINDINGS OF FACT

1. Notice of this hearing was given to all operators in the proposed El Ebanito (T-12) Field and to all offset operators within 2-1/2 miles of the discovery tract on July 2, 2002.
2. The discovery well for the proposed El Ebanito (T-12) Field, the TotalFinaElf T.B. Slick Estate Lease Well No. 128, was completed in February of 2002.
3. The T.B. Slick Estate No. 128 is perforated in the gross interval from 8758 feet to 9508 feet, in a section of productive Vicksburg sandstones that extends from 8745 to 9990 feet.
4. The T.B. Slick Estate Well No. 111 was completed at a comparable depth only 550 away but it produces from Vicksburg T-8 sandstones that have been down-thrown compared to the T-12 and T-13 in Well No. 128.
5. The initial bottom-hole pressure measured in the T.B. Slick Estate Well No. 128 was 5145 psi, indicating virgin pressure.
6. A Form G-1, conducted February 7, 2002, showed the well capable of producing 9426 MCF/D, with a gas/liquid ratio of 37,381 cubic feet per barrel.
7. Shutting this well in to make up overproduction that occurred prior to the approval of the new field will not prevent waste or protect correlative rights.
8. The Vicksburg T-12 and T-13 sections productive in the T.B. Slick Estate No. 128 includes two unconnected sandstones within it.
9. Allocation based 5% per well and 95% on deliverability will satisfy statutory requirements for two factors as required for a multiple reservoir field.

CONCLUSIONS OF LAW

1. Proper notice was given as required by statute.
2. All things have been done or occurred to give the Railroad Commission jurisdiction to resolve this matter.
3. The TotalFinaElf, T.B. Slick Estate Lease Well No. 128, between 8745' and 9990', is entitled to be considered a new field discovery well as it produces from a reservoir that has not been produced before.
4. The requested designated interval and allocation formula will prevent waste, protect correlative rights within the field, and satisfy statutory requirements.

EXAMINER'S RECOMMENDATION

Based on the above findings and conclusions, the examiner recommends that the TotalFinaElf, T.B. Slick Estate Lease Well No. 128, between 8745 and 9990 feet, be considered the discovery well for a new field and that the requested rules for the newly-designated El Ebanito (T-12) Field be approved. The overproduction for the discovery well should be canceled.

Respectfully submitted,

Margaret Allen
Technical Hearings Examiner

Date of Commission Action: October 21, 2002