

OIL AND GAS DOCKET NO. 06-0225931

THE APPLICATION OF JLA RESOURCES COMPANY FOR NEW FIELD DESIGNATION FOR THE BROWN LEASE, WELL NO. 2, (PROPOSED) ANWAC (1100 WILCOX) FIELD, ANDERSON COUNTY, TEXAS

Heard by: Margaret Allen, Technical Hearings Examiner

Reviewed by: Mark Tittle, Hearings Examiner

Procedural history

Application for new field received: July 5, 2000

Application denied administratively: August 18, 2000

Request for hearing received: August 28, 2000

Hearing held: September 13, 2000

Appearances

Keith Masters

Representing

JLA Resources Company

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

JLA Resources is seeking to have its Brown Lease Well No. 2 designated as the discovery well for a proposed new field to be known as Anwac (1100 Wilcox) Field. The application was denied administratively and JLA Resources requested a hearing on its application. The examiner recommends that the application be granted.

DISCUSSION OF THE EVIDENCE

JLA Resources drilled the Brown Lease Well No. 2 in December of 1999, and discovered a previously unproduced reservoir in the Wilcox. The well was perforated between 1093 and 1100 feet and had an initial potential of 312 MCF per day. The shut-in tubing pressure was 435 psi and the calculated bottomhole pressure was 445 psi. The requested designated interval for the proposed new Anwac (1100 Wilcox Field) extends from 1091 to 1127 feet as shown on the log of the Brown No. 2.

JLA Resources filed for a new field designation on July 5, 2000, and the application was denied on August 18, 2000. The three shallow Wilcox fields within 1/2 mile of the Brown No. 2, cause the Oil & Gas Division to consider the Brown No. 2 as "a newly discovered reservoir in a

known producing multi-reservoir structure.”¹ This classification would require that the applicant furnish a copy of the application to all operators with a 2.5 mile radius.

JLA owns all of the leases and wells within 1/2 mile of the Brown No. 2. There are hundreds of wells, carried in 31 different fields, that are more than 1/2 mile and less than 2-1/2 miles of the Brown No. 2. JLA believes that the hundreds of hours necessary to research the name, operator and producing depth of each of these wells are unnecessary because these wells will not be affected by the operation of the Brown No. 2. JLA also disagrees with the classification of the Brown No. 2 as a newly discovered reservoir in a known multi-reservoir structure. The shallow Wilcox fields are not on the same structure as the Woodbine or Carrizo fields.

The Brown No. 2 is at least a mile northwest of the very large Slocum Field which produces from the Carrizo Formation at 500 feet, and of the numerous Slocum, West and Slocum, NW Woodbine fields that produce from 5000 feet. There are dry holes between these fields and the Brown No. 2. The Brown No. 2 is at least a mile southeast of the very large Camp Hill Field that also produces from the Carrizo Formation at about 500 feet. The subject well is separated from the Camp Hill field area by dry holes that penetrated more than 1100 feet and found no productive reservoir at that depth.

JLA operates all of the wells in the three fields within 1/2 mile of the Brown No. 2. These three fields were established at hearings where field rules were also adopted. The Anwac (1400 Wilcox) Field was discovered in 1996 and has five wells. The Anwac (1300 Wilcox) was discovered in 1997 and has two wells. The proposed new field is over 200 feet shallower than the designated interval for this field. The Anwac (900 Wilcox) Field was discovered in 1997 and it has five wells. The proposed new field is over 100 feet deeper than the designated interval for the Anwac (900 Wilcox) Field.

EXAMINERS' OPINION

There is no common definition of a producing multi-reservoir structure. If the 1100 Wilcox sandstone in the Brown No. 2 is producing on such a structure, the only other known fields on it are producing from the Wilcox sandstones at 900, 1300 and 1400 feet. All of the wells in these fields are operated by the applicant. The language on Form P-7 requires notice to all “operators within a 2.5 mile radius of the discovery well *in the involved field(s)*” (emphasis added), if the new field is on a known producing multi-reservoir structure. The only involved fields would be those on the same structure and the only operator in these fields is the applicant. Therefore no further notice is required.

¹ There are no notice provisions in Rule 41 Application for New Oil or Gas Field Designation and/or Allowable. Form P-7, “New field designation and/or discovery allowable application”, requires the operator to furnish a completed copy of this form to either each offset operator or to all operators within a 2.5 mile radius of the discovery well in the involved field(s) if this is a newly discovered reservoir in a known producing multi-reservoir structure.

FINDINGS OF FACT

1. On September 1, 2000, notice of this hearing was given to JLA Resources, the only offset operator to the proposed Anwac (1100 Wilcox) Field, and the only operator with 1/2 mile of the Brown Lease Well No. 2.
2. JLA Resources' Brown Well No. 2 was drilled in December of 1999, and had an initial potential of 315 MCF of dry gas per day.
3. The Brown No. 2 was perforated from 1093 to 1100 feet in a Wilcox sandstone that extends from 1091 to 1127 feet.
4. The producing interval in the Brown No. 2 is in a previously unproduced reservoir.
 - a. The calculated bottomhole pressure in the Brown No. 2 was 445 psi.
 - b. There are only three fields within 1/2 mile of the Brown No. 2, the Anwac (900 Wilcox), Anwac (1300 Wilcox) and Anwac (1400 Wilcox) Fields.
 - c. The requested designated interval for the proposed new field is over 200 feet shallower than the designated interval in the Anwac (1300 Wilcox) Field and over 100 feet deeper than the designated interval in the Anwac (900 Wilcox) Field.
5. The Brown No. 2 is separated from the many wells more than 1/2 mile and less than 2-1/2 miles away by dry holes that penetrated the depth of this newly discovered reservoir.
6. None of the wells more than 1/2 mile from the Brown No. 2 will be affected by the completion and production of the Brown No. 2 from perforations between 1093 and 1100 feet.

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 interval between 1091 and 1127 feet in the JLA Resources Brown Lease Well No. 2 is previously unproduced reservoir and the well is the discovery well for a new field.

EXAMINERS' RECOMMENDATION

Based on the above findings and conclusions, the examiner recommends that the JLA Resources Brown Lease Well No. 2 be considered the discovery well for a new field to be known as the Anwac (1100 Wilcox) Field.

Respectfully submitted,

Mark Tittel
Hearings Examiner

Margaret Allen
Technical Hearings Examiner

Date of Commission Action: September 25, 2000

EXHIBITS

1. Form P-7 with attachments
2. RRC letter of 7/26 requesting more information
3. Letter from applicant on 8/15
4. RRC letter of 8/16 dismissing the application
5. RRC letter of 8/18 denying application and informing applicant of hearing provision
6. Proration schedule
7. Map of 1/2 mile radius
8. Designated log intervals from fields within 1/2 mile
9. Log of discovery well
10. List of wells within 1/2 mile