

**THE APPLICATION OF RANGE PRODUCTION COMPANY TO CONSIDER NEW FIELD DESIGNATION AND FIELD RULES FOR THE (PROPOSED) ROBERTS CO. (ST. LOUIS) FIELD, ROBERTS COUNTY, TEXAS**

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**Heard by:** Donna K. Chandler on December 17, 2008

**Appearances:**

Dick Schmidt

**Representing:**

Range Production Company

**EXAMINER'S REPORT AND RECOMMENDATION**

**STATEMENT OF THE CASE**

Range Production Company requests that a new field designation be approved for its Sutter's Mill No. 1-70 called the Roberts Co. (St. Louis) Field. Range requests that the following temporary field rules be adopted for the Roberts Co. (St. Louis) Field:

1. Designation of the field as the correlative interval from 9,858 feet to 10,360 feet as shown on the log of the Sutter's Mill No. 1-70;
2. 1,320'-2,640' well spacing;
3. 640 acre gas units plus 10% tolerance and a maximum diagonal of 8,500 feet;
4. Allocation based on 95% deliverability and 5% acreage.

This application was unopposed and the examiner recommends approval of the new field designation and temporary field rules as requested by Range.

**DISCUSSION OF EVIDENCE**

Range Production Company completed its Sutter's Mill No. 1-70 in August 2008. The well produces from several sets of perforations between 10,182 and 10,328 feet. The well produced at a rate of 1,547 MCFD on initial test and has produced 237 MMCF of gas through December 15. It continues to produce about 2,000 MCFD with no observed decline.

The proposed correlative interval for the field is from 5,858 feet to 10,360 feet as shown on the log of the Sutter's Mill No. 1-70. This interval includes the entire St. Louis formation. There is no St. Louis production within a 2½ mile radius of the Sutter's Mill No. 1-70 and the well is therefore entitled to a new field designation. The closest St. Louis production is in the Alpar-Lips (St. Louis) Field approximately 15 miles to the northwest.

From log analysis of the Sutter's Mill No. 1-70, Range determined that average porosity is 7% and average water saturation is 45%. Net pay in the well is 41 feet. Estimated recoverable reserves beneath 640 acres are 6.5 BCF of gas. Assuming 10% annual decline, the well will ultimately recover over 7 BCF of gas. Additionally, there are several St. Louis reservoirs in the area which operate under identical rules as those proposed for the Roberts Co. (St. Louis) Field.

A two-factor allocation formula is required for this new field to meet statutory requirements for combining multiple stratigraphic intervals into a single field. Range requests that allocation be based on 95% deliverability and 5% acreage. Range believes that deliverability is more representative of a well's performance than acreage due to the multiple productive intervals which may not be present in all wells.

#### **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 Sutter's Mill No. 1-70 was completed in August 2008 and produces from perforations between 10,182 and 10,328 feet.
3. A new field designation is appropriate for the Sutter's Mill No. 1-70 because there is no St. Louis production within 2½ miles of the well.
4. Field rules providing for 640 density is appropriate for the new field.
  - a. Recoverable reserves beneath 640 acres are estimated to be 6.5 BCF.
  - b. The Sutter's Mill No. 1-70 has produced 237 MMCF of gas and continues to produce 2,000 MCFD with no decline.
  - c. Estimated ultimate recovery for the Sutter's Mill No. 1-70 is 7 BCF.
  - d. Other St. Louis fields in the area operate under rules identical for those proposed for the new field.

5. The Roberts Co. (St. Louis) Field should be defined as the correlative interval from 9,858 to 10,360 feet as shown on the log of the Sutter's Mill No. 1-70.
6. Well spacing a minimum of 1,320 feet from lease lines and 2,640 feet between wells will provide flexibility in locating additional wells at optimum locations.
7. Allocation based on 5% acreage and 95% deliverability is a reasonable formula which will protect correlative rights and meet statutory requirements.

**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 temporary 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 temporary field rules for the Roberts Co. (St. Louis) Field.

Respectfully submitted,

Donna K. Chandler  
Technical Examiner