

OIL AND GAS DOCKET NO. 02-0253997

THE APPLICATION OF BEPCO LP. TO CONSOLIDATE VARIOUS HALLETTSVILLE AND HALLETTSVILLE, EAST FIELDS INTO THE (PROPOSED) HALLETTSVILLE, E. (MIDDLE WILCOX) FIELD AND TO CONSIDER FIELD RULES FOR THE (PROPOSED) HALLETTSVILLE, E. (MIDDLE WILCOX) FIELD, LAVACA COUNTY, TEXAS

Heard by: Andres J, Trevino, P.E. on November 16, 2007

Appearances:

Cary McGregor

Representing:

BEPCO LP.

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

BEPCO LP. requests that seven Hallettsville Fields be consolidated into a new field to be known as the Hallettsville, E. (Middle Wilcox) Field. The fields proposed for consolidation are as follows:

Hallettsville, E. (7450) Field	38245 550
Hallettsville, East (8000) Field	38245 600
Hallettsville (8250 Wilcox) Field	38241 875
Hallettsville, East (8300) Field	38245 650
Hallettsville, East (8600) Field	38245 700
Hallettsville (8850) Field	38241 937
Hallettsville (8900) Field	38241 950

Rosetta requests that the following rules be adopted for the consolidated field:

1. Designated interval from 7,210 feet to 9,132 feet as shown on the log of the Bass Enterprises Production Co., Bonorden Gas Unit No. 3;
2. Well spacing a minimum of 467 feet from lease lines with no between-well spacing limitation;
3. 40 acre drilling units, 10% tolerance, no filing of Form P-15 and plat be required;

4. Allocation based 95% deliverability and 5% per well and allocation formula to remain suspended;

This application was unopposed and the examiner recommends approval of BEPCO's request for field consolidation and field rules.

DISCUSSION OF THE EVIDENCE

The seven fields which are the subject of this hearing were discovered beginning in 1957. The fields include Middle Wilcox sands which are in the late stage of depletion. All seven fields are non-associated gas fields and all operate under Statewide Rules except the Hallettsville, East (8600) is governed by Special Rules with 320 acre density and 1320/2640 spacing.

There are a total of four wells listed on the proration schedules for the various fields with about 14 completions that have ever been completed in the various fields. Cumulative production from the fields within the Bonorden Unit is about 4.6 BCF of gas and 188,396 barrels of condensate. The three active wells currently produce a combined rate of 1,256 MCF gas and 42.3 BC per day. BEPCO plans to drill additional wells in the field and perform additional recompletions.

BEPCO requests that the consolidated field be designated as the interval from 7,210 feet to 9,132 feet as shown on the log of the Bass Enterprise Production Co., Bonorden Gas Unit No. 3. Consolidation of the various sands into a single field will result in the recovery of additional reserves which would otherwise be uneconomic by producing multiple reservoirs simultaneously. Additionally BEPCO request the Bonorden Gas Unit Well No. 3-L (RRC ID # 204254) completion be transferred to the Hallettsville, E. (Middle Wilcox) Field as it is completed in an interval correlative to the field and is located in the same structure as the other wells in the area.

Eliminating the between-well spacing requirement will provide opportunities for infill drilling without the need for Rule 37 exceptions. It will also allow BEPCO to recomplete existing wells into the numerous zone and produce the wells without the need for Rule 37 exceptions. The structural feature which contains the gas accumulation for the proposed Hallettsville, E. (Middle Wilcox) Field is estimated to be 300 to 450 acres in size. There are many sands within the proposed zone which contain gas in one well but are wet in an adjacent well. There are surface considerations in locating the wells. The field is near the town of Hallettsville and has residences and a highway thru the field which may cause limitations on well placement.

BEPCO requests a density rule of 40 acres for the consolidated field due to the small average drainage pattern. Drainage calculations performed based on an average porosity of 20.0%, water saturation of 35.0% and net pay thickness of 10 feet, demonstrated that the average well will drain 41.7 acres. The average well completion has produced 384 MMCF of gas per completion.

The proposed consolidated field will consist of numerous sands. A two factor

allocation formula based on 95% deliverability and 5% per well is requested for the consolidated field to meet statutory requirements.

BEPCO requests to eliminate the requirement to file Form P-15 and plats as there will be no between well spacing and acreage is not part of the allocation formula. All wells are currently producing at 100% AOF and BEPCO request the suspension of the allocation formula as there is a market demand for 100% of the gas.

FINDINGS OF FACT

1. Notice of this hearing was sent to all persons legally entitled to notice at least ten days prior to the date of hearing.
2. The subject fields proposed for consolidation were discovered beginning in 1957. All of the fields are non-associated gas fields and there are four producing wells in the fields at this time.
3. The seven fields produce from Middle Wilcox sands which are thin, of limited areal extent, with moderate water drives and in the late stages of depletion.
4. All of the fields operate under Statewide Rules except the Hallettsville, East (8600) is governed by Special Rules with 320 acre density and 1320/2640 spacing. BEPCO is the only operator in the field.
5. Cumulative production from the fields within the Bonorden Unit is about 4.6 BCF of gas and 188,396 barrels of condensate. The three active wells currently produce a combined rate of 1,256 MCF gas and 42.3 BC per day.
6. Consolidation of the fields will result in the recovery of additional reserves from the various fields as a result of a lower combined economic limit.
7. The Hallettsville, E. (Middle Wilcox) Field should be designated as the correlative interval from 7,210 feet to 9,132 feet as shown on the log of the Bass Enterprises Production Co., Bonorden Gas Unit No. 3.
8. The Bonorden Gas Unit Well No. 3-L (RRC ID # 204254) is completed in an interval correlative to the proposed Hallettsville, E. (Middle Wilcox) Field and is located in the same structure as the other wells in the area.
9. The proposed 467'/0' well spacing rule for the consolidated field will provide flexibility in drilling infill wells for completion in the various undrained and small Middle Wilcox sands without the need for Rule 37 exceptions.
10. A density rule providing for 40 acre density is appropriate for the consolidated field as drainage calculations demonstrate the average well will only drain 41.7 acres.

11. Allocation based 5% per well and 95% on deliverability will protect correlative rights and satisfy statutory requirements.
12. All fields are currently producing at 100% AOF.

CONCLUSIONS OF LAW

1. Proper notice of this hearing was given to all persons legally entitled to notice.
2. All things have occurred or been accomplished to give the Railroad Commission jurisdiction in this matter.
3. Consolidation of the fields as proposed by BEPCO LP. is necessary to prevent waste and protect correlative rights.
4. The proposed field rules will prevent waste, protect correlative rights, and satisfy statutory requirements.

EXAMINER'S RECOMMENDATION

Based on the above findings and conclusions, the examiner recommends that the four subject fields be consolidated into a new field to be known as the Hallettsville, E. (Middle Wilcox) Field and that the requested field rules be adopted for the consolidated field.

Respectfully submitted,

Andres J. Trevino, P.E.
Technical Hearings Examiner