

OIL AND GAS DOCKET NO. 04-0249171

THE APPLICATION OF ALTA MESA SERVICES, LP. TO CONSOLIDATE VARIOUS INDIAN POINT FIELDS INTO THE (PROPOSED) INDIAN POINT (UPPER FRIO CONS.) FIELD, NUECES COUNTY, TEXAS

Heard by: Donna K. Chandler on November 17, 2006

Appearances:

Wayman Gore

James Bostic
Rodney Bond

Representing:

Alta Mesa Services, LP.

The Meridian Resource & Expl LLC

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Alta Mesa Services, LP requests that the following 24 fields be consolidated into a new field to be known as the Indian Point (Upper Frio Cons.) Field:

Indian Point (7100) Field	444 41827
Indian Point (E-1) Field	444 41070
Indian Point (E-2) Field	444 41105
Indian Point (E-3) Field	444 41140
Indian Point (E-4) Field	444 41175
Indian Point (8500) Field	444 41840
Indian Point (E-8) Field	444 41210
Indian Point (E-10) Field	444 41245
Indian Point (E-10, NFB) Field	444 41265
Indian Point (F-1) Field	444 41280
Indian Point (F-1,2) Field	444 41315
Indian Point (F-4) Field	444 41350
Indian Point (F-5) Field	444 41385
Indian Point (9100 Sand) Field	444 41875
Indian Point (F-8) Field	444 41420
Indian Point (F-8 Lower) Field	444 41427
Indian Point (F-9 9400) Field	444 41455
Indian Point (9550 Sand) Field	444 41910

Indian Point (9600) Field	444 41945
Indian Point (F-10) Field	444 41490
Indian Point (F-12 9700 #1) Field	444 41665
Indian Point (F-12 9700 #2) Field	444 41700
Indian Point (F-14) Field	444 41715
Indian Point (Morris) Field	444 41786

Alta Mesa requests that the following rules be adopted for the consolidated field:

1. Designated interval from 7,020 feet to 10,170 feet as shown on the log of the State Tract 786 Well No. 8;
2. Well spacing a minimum of 467 feet from lease lines with no between-well spacing limitation;
3. 40 acre drilling units;
4. Allocation based 5% per well and 95% potential/deliverability.

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

DISCUSSION OF THE EVIDENCE

The Indian Point fields which are the subject of this hearing were discovered beginning in the 1960's. The fields are in the late stage of depletion, with bottomhole pressures down to about 2,000 psi. Thirteen of the fields are non-associated gas fields, eight are oil fields, and three are associated. All of the fields operate under Statewide Rules.

A total of 38 wells have been completed in the various fields. There is one active gas well and no active oil wells in the fields. Cumulative production from the fields is about 43 BCF of gas and 815,000 BC. Almost one-half of the production is from the Indian Point (F-9 9400) Field, which has produced 19.7 BCF of gas.

All of the wells which have produced from the various fields are located in Nueces Bay. Almost all of the wellbores are closer than 1,200 feet from each other. Recompletions to the various zones proposed for consolidation would require Rule 37 exceptions under Statewide Rules.

The 24 fields produce from Frio sands which have similar reservoir and fluid properties. Consolidation of the various sands into a single field will result in the recovery of additional reserves which would otherwise be uneconomic.

The proposed consolidated field will consist of numerous lenticular sands. A two factor allocation formula based on 5% potential/deliverability and 95% per well is requested for the consolidated field to meet statutory requirements.

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 24 fields proposed for consolidation were discovered beginning in the 1960's. Of the 24 fields, 13 are non-associated gas fields, eight are oil fields and three are associated fields. There is only one active producing well in the fields at the current time.
3. The 24 fields produce from Frio Sandstones which are in the late stage of depletion.
4. All of the fields operate under Statewide Rules.
5. Consolidation of the fields will not harm any of the reservoirs because of the similar reservoir and fluid properties. Rule 10 exceptions have been granted for several wells.
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 Indian Point (Upper Frio Cons.) Field should be designated as the correlative interval from 7,070 feet to 10,170 feet as shown on the log of the State Tract #786 Well No. 8.
8. Elimination of a between well spacing rule for the consolidated field will provide flexibility in using existing wellbores for completion in the various fields.
9. Allocation based 5% per well and 95% on deliverability/potential will protect correlative rights and satisfy statutory requirements.

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 Alta Mesa Services, 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 24 subject fields be consolidated into a new field to be known as the Indian Point (Upper Frio Cons.) Field and that the requested field rules be adopted for the consolidated field.

Respectfully submitted,

Donna K. Chandler
Technical Hearings Examiner