

THE APPLICATION OF ERSKINE ENERGY, LLC. TO CONSOLIDATE VARIOUS ELSA, SOUTH FIELDS INTO THE (PROPOSED) ELSA, SOUTH (FRIO CONSOLIDATED) FIELD, HIDALGO COUNTY, TEXAS

Heard by: Andres J, Trevino, P.E. on February 7, 2007

Appearances:

Jim Cowden
David Klatt

Representing:

Erskine Energy, LLC.

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Erskine Energy, LLC. requests that the 16 Elsa, South fields listed in Attachment "A" be consolidated into a new field to be known as the Elsa, South (Frio Consolidated) Field.

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

1. Designated interval from 6,740 feet to 8,600 feet as shown on the log of the Dickerson Unit 2 No. 2;
2. Well spacing a minimum of 467 feet from lease lines with 933 feet between-well spacing limitation;
3. 40 acre gas proration units plus 10% tolerance and maximum diagonal of 2,100 feet;
4. Allocation based 5% per well and 95% deliverability.

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

DISCUSSION OF THE EVIDENCE

The 16 fields which are the subject of this hearing were discovered beginning in the 1950's. The fields include Frio sands which are in the late stage of depletion. All of the fields are non-associated gas fields and all but one operate under Statewide Rules. The Elsa, South (7250) Field operates under rules providing for 467'-1,320' well spacing and 320 acre density.

There are a total of 4 wells listed on the proration schedules for the various fields as active producing wells. A total of 14 wellbores have been completed in the fields and

cumulative production from the fields is about 19.7 BCF of gas and 91,899 BC. Many of the fields had only 1-2 wells and marginal production. Average cumulative production from the 14 well is 1.4 BCF.

Erskine will drill additional wells within the depleted reservoirs targeting the various sands within the consolidated interval. Reducing the between-well spacing requirement will provide opportunities for infill drilling without the need for Rule 37 exceptions and is standard well spacing requirements for 40 acre well density.

Erskine requests a density rule of 40 acres for the consolidated field. Currently all fields except the Elsa, South (7250) field have 40 acre density.

Erskine requests that the consolidated field be designated as the interval from 6,740 feet to 8,600 feet as shown on the log of the Dickerson Unit 2 No. 2. 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 sands. A two factor allocation formula based on 5% 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 fields proposed for consolidation were discovered beginning in the 1950's. All of the fields are non-associated gas fields and there are only 4 producing wells in the fields at this time.
3. The 16 fields produce from Frio sands which are in the late stage of depletion.
4. All of the fields except the Elsa, South (7250) Field operate under Statewide Rules.
5. Consolidation of the fields will not harm any of the reservoirs because of the similar reservoir and fluid properties.
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 Elsa, South (Frio Consolidated) Field should be designated as the correlative interval from 6,740 feet to 8,600 feet as shown on the log of the Dickerson Unit 2 No. 2.
8. The proposed 467'/933' well spacing rule for the consolidated field will

provide flexibility in drilling infill wells for completion in the various Frio sands and complies with the spacing for standard 40 acre well density.

9. A density rule providing for 40 acre density is appropriate for the consolidated field to better target potential reserves within the various sands.
10. Allocation based 5% per well and 95% on deliverability 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 Erskine Energy, LLC. 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 sixteen subject fields be consolidated into a new field to be known as the Elsa, South (Frio Consolidated) Field and that the requested field rules be adopted for the consolidated field.

Respectfully submitted,

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

Attachment "A"

<u>Field Name</u>	<u>Field Number</u>
ELSA, SOUTH (DIETRICH)	28739200
ELSA, SOUTH (PETERSON)	28739290
ELSA, SOUTH (6750)	28739350
ELSA, SOUTH (6950)	28739386
ELSA, SOUTH (7170)	28739388
ELSA, SOUTH (7250)	28739390
ELSA, SOUTH (7350)	28739402
ELSA, SOUTH (7400)	28739410
ELSA, SOUTH (7700)	28739450
ELSA, SOUTH (7800)	28739475
ELSA, SOUTH (7850)	28739500
ELSA, SOUTH (7950)	28739625
ELSA, SOUTH (8000)	28739636
ELSA, SOUTH (8400)	28739700
ELSA, SOUTH (8600)	28739750
ELSA, SOUTH (8700)	28739875