OIL AND GAS DOCKET NO. 04-0256749

THE APPLICATION OF ERSKINE ENERGY, LLC TO CONSOLIDATE VARIOUS FLOWELLA FIELDS INTO THE FLOWELLA (VICKSBURG DEEP) FIELD AND ADOPT FIELD RULES FOR THE FLOWELLA (VICKSBURG DEEP) FIELD, BROOKS AND KLEBERG COUNTIES, TEXAS

Heard by: Andres J. Trevino, P.E.

Date of Hearing: May 13, 2008

Appearances:	**Representing:**
Jim Cowden	Erskine Energy, LLC
David M. Klatt	

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Erskine Energy, LLC requests to consolidate five Flowella Fields into a new field to be known as the Flowella (Vicksburg Deep) Field. The fields proposed for consolidation are as follows:

FIELD NAME	FIELD NUMBER
Flowella (Vicksburg 5)	31591 500
Flowella (Vicksburg 10400)	31591 600
Flowella (Vicksburg 10100)	31591 550
Flowella (Vicksburg 10300)	31591 580
Flowella (Vicksburg Z06)	31591 700

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

1. Designation of the field as the correlative interval from 9,804 feet to 11,880 feet, as shown on the log of the Sullivan Well No. 15;

2. 467'-933' well spacing;

3. 40 acre units;

4. Allocation based on 95% deliverability and 5% per well and that the allocation

formula be suspended.

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

DISCUSSION OF THE EVIDENCE

The five Flowella fields operate under various spacing and density rules and have various allocation formulas. The fields are geographically intermingled and contain wells that are currently producing from commingled zones in different fields. There are no other fields contained within the proposed correlative interval.

Erskine is proposing to consolidate the five fields into the Flowella (Vicksburg Deep) Field and classify it as non-associated. The proposed designated interval for the consolidated field is from 9,804 feet to 11,880 feet, as shown on the log of the Sullivan Well No. 15.

The five fields produce from six separate Vicksburg zones contained within the correlative interval, which are generally correlatable across several miles. However, there is significant faulting which results in many separate accumulations of hydrocarbons.

There has been as many as thirty one wells with forty four completions in the Flowella fields. Cumulative production from the five fields is 20.1 BCF of gas and 480.2 MB of oil.

The bottom hole pressures are similar throughout the Vicksburg interval. The data show the Vicksburg to be geo-pressured with pressure gradients ranging from 0.74 psi/ft up to 0.88 psi/ft. The average gradient is approximately 0.81 psi/ft.

The gas composition is also similar in the various Vicksburg zones and contains on average 86% Methane, 1.6% CO2 and 0.1% N2. The average wet BTU content is 1,143 BTU/cf.

Erskine submitted a compositional analysis of the well stream from the Sullivan Well No. 16 in the Flowella (Z06) Field showing that the heptane plus percentage (2.84%) and the methane level of 82.7% indicates that the fluid is from a retrograde condensate reservoir. Since the samples were taken from the Flowella (Z06) Field with a 19,394 GOR, the other fields would have lower condensate saturations and would also qualify for a permanent gas well classification. All consolidated reservoirs are currently classified as non-associated gas fields.

Erskine provided drainage area calculations for fifteen wells in the various fields. The drainage areas range from 9 acres up to a maximum of 96 acres. The average drainage area was calculated to be approximately 39 acres.

A similar Vicksburg consolidation was approved for the Ann Mag (Vicksburg Cons.) Field in April 2008. This field is located approximately two miles southeast of the Flowella fields. Erskine is proposing the same correlative interval and similar 40 acre spacing rules that were approved for the Ann Mag (Vicksburg Cons.) Field.

The proposed forty acre spacing will also allow for future development in the Flowella area. Erskine will be actively developing the Vicksburg interval by drilling infill wells and completing existing wells into additional Vicksburg zones.

FINDINGS OF FACT

1. Notice of this hearing was given to all persons entitled to notice and there were no protests.

2. The five Flowella fields were discovered beginning in 1974. There have been as many as thirty one wells with forty four completions in the fields. Erskine Energy, LLC operates wells in two of the five fields proposed for consolidation.

3. Erskine is proposing to consolidate the five fields into the Flowella (Vicksburg Deep) Field and classify it as non-associated.

4. The designated interval for the consolidated field is from 9,804 feet to 11,880 feet, as shown on the log of the Sullivan Well No. 15.

5. Wells in the five Flowella fields produce from the same correlative interval.

6. Gas analysis and pressure gradient data support the field consolidation proposal and the classification of the field as non-associated.

7. The calculated drainage areas support Erskine's requested 40 acre density rules.

8. Suspension of the allocation formula in the consolidated field is appropriate because there is a market for any gas produced from the field.

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 of law, the examiner recommends that the Commission consolidate the five Flowella Fields into the new field, the Flowella (Vicksburg Deep) Field, adopt permanent field rules for the Flowella (Vicksburg Deep) Field, Brooks and Kleberg Counties and that the allocation formula in the field be suspended.

Respectfully submitted,

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