

OIL AND GAS DOCKET NO. 06-0255552

THE APPLICATION OF VALENCE OPERATING COMPANY TO CONSOLIDATE THE NOONDAY (RODESSA) FIELD INTO THE NOONDAY (TRAVIS PEAK) FIELD, SMITH COUNTY, TEXAS

Heard by: Donna K. Chandler on March 7, 2008

Appearances:

Rick Johnston

Representing:

Valence Operating Company

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Valence Operating Company requests that the Noonday (Rodessa) Field be consolidated into Noonday (Travis Peak) Field and that the following rules be adopted for the Noonday (Travis Peak) Field:

1. Designation of the field as the correlative interval from 11,250 feet as shown on the log of the Noonday Gas Unit 1 Well No. 1 to 12,990 feet as shown on the log of the Bracken Grandchildren Trust Well No. 1;
2. 467'-660' well spacing with 40 acre drilling units;
3. Allocation based on 95% deliverability and 5% per well, with continuation of the AOF status.

This application was unopposed and the examiner recommends approval of the requested field consolidation.

DISCUSSION OF THE EVIDENCE

The Noonday (Rodessa) Field was discovered in 1989. This field is non-associated and operates under Statewide Rules. The Noonday (Travis Peak) Field was discovered in 1990. This field is also non-associated and operates under Statewide Rules.

There are four producing wells on the current proration schedule in the Noonday (Travis Peak) Field, all operated by Valence Operating Company. All four of the wells have downhole commingling authority with the Noonday (Rodessa) Field. There are no other wells producing from the Noonday (Rodessa) Field.

Cumulative production from the Rodessa was only 47 MMCF of gas, prior to commingling of the four wells. Cumulative production from the Travis Peak is over 3 BCF of gas. Commingled production from the four wells is 100-200 MCFD. Single completions in the Rodessa are not economic.

Valence requests that the Noonday (Travis Peak) Field be designated using two wells. There is no well log which displays the entire Rodessa/Travis Peak because the Rodessa is faulted out in some wells and other wells do not penetrate the entire Travis Peak. Valence requests that the field be designated as the correlative interval from 11,250 feet as shown on the log of the Noonday Gas Unit 1 Well No. 1 to 12,990 feet as shown on the log of the Bracken Grandchildren Trust Well No. 1.

Valence requests a 467'-660' spacing rule be adopted for the Noonday (Travis Peak) Field in conjunction with 40 acre drilling units. This spacing will allow use of existing wellbores to produce both zones.

Valence proposes a two-factor allocation formula based on 95% deliverability and 5% per well. A two factor allocation formula is necessary to meet statutory requirements.

FINDINGS OF FACT

1. Notice of this hearing was given to all persons entitled to notice and there were no protests.
2. The Noonday (Rodessa) Field was discovered in 1989 and the Noonday (Travis Peak) Field was discovered in 1990. Both fields are non-associated and operate under Statewide Rules.
3. Valence operates all four producing wells in the Noonday (Travis Peak) Field. All four of the wells have downhole commingling authority with the Noonday (Rodessa) Field. There are no other wells producing from the Noonday (Rodessa) Field.
4. Consolidation of the Noonday (Rodessa) Field into the Noonday (Travis Peak) Field will allow operators to produce both reservoirs as a single completion without obtaining individual Rule 10 exceptions.

5. The Rodessa production is very marginal compared to the Travis Peak production. Commingled producing rates are only 100-200 MCFD.
6. The consolidated Noonday (Travis Peak) Field should be designated as the correlative interval from 11,250 feet as shown on the log of the Noonday Gas Unit 1 Well No. 1 to 12,990 feet as shown on the log of the Bracken Grandchildren Trust Well No. 1.
7. The proposed well spacing of 467'-660' will provide flexibility in using existing wellbores to produce both the Rodessa and Travis Peak.
8. Allocation based on 95% deliverability and 5% per well will meet statutory requirements for combining multiple intervals into a single 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 and adoption of the field rules as proposed by Valence Operating Company is necessary to prevent waste and protect correlative rights.

EXAMINER'S RECOMMENDATION

Based on the above findings and conclusions, the examiner recommends that the Noonday (Rodessa) Field be consolidated into the Noonday(Travis Peak) Field and that field rules be adopted for the Noonday (Travis Peak) Field.

Respectfully submitted,

Donna K. Chandler
Technical Hearings Examiner