

July 5, 2007

OIL AND GAS DOCKET NO. 08-0252161

APPLICATION OF ENERGEN RESOURCES CORPORATION TO CONSOLIDATE THE MARTIN (WOLFCAMP) FIELD INTO THE MARTIN (CONSOLIDATED) FIELD AND AMEND THE FIELD RULES FOR THE MARTIN (CONSOLIDATED) FIELD, ANDREWS COUNTY, TEXAS

HEARD BY: Thomas H. Richter, P.E.

DATE OF HEARING: June 25, 2007

APPEARANCES:

Sandra Buch, attorney
Davis Cromwell
Mark Solari
Albert Barkmann

REPRESENTING:

Energen Resources Corporation

EXAMINER'S REPORT AND RECOMMENDATION
STATEMENT OF THE CASE

This is the unprotested application of Energen Resources Corporation for the Commission to consider consolidating the Martin (Wolfcamp) Field into the existing Martin (Consolidated) Field. The field rules as adopted by Order No. 08-0225627, issued effective November 20, 2000, for the Martin (Consolidated) Field are as follows:

1. The entire combined correlative interval from 5,520' to 7,490' as shown on the Neutron Density log of the Arco Oil & Gas Co., University 11 Section 1 Well No. 11D, Section 1 Block 11, University Land Survey, Andrews County, Texas, is designated as the Martin (Consolidated) Field.
2. Minimum well spacing of 330'/660' (leaseline/between well);
3. Proration units of 40 acres and 20 acre tolerance with a maximum diagonal of 2,100' and optional 20 acre units and a maximum diagonal of 1,500'; and
4. An allocation formula based on 100% acreage.

Energen Resources proposes amending the rules as follows:

1. The entire combined correlative interval from 5,640' to 7,960' as shown on the Platform Express Litho-Density Compensated Neutron log of the Energen Resources, University "14-A" Well No. 2, Section 14 Block 11, University Land Survey, Andrews County, Texas, is designated as the Martin (Consolidated) Field.

2 & 3. No change

4. An allocation formula based on 95% acreage and 5% per well. Subsequent to the hearing, it was determined that a multi factor allocation formula was not necessary. Thus, the allocation formula will remain as it currently exist.

The examiner recommends approval of Energen Resources application.

DISCUSSION OF THE EVIDENCE

The Martin (Wolfcamp) Field was discovered in 1951 at 7,956' subsurface depth. The field operates pursuant to Statewide Rules. Currently there are two operators and 7 wells in the field. Cumulative field production is 338,774 BO.

The Martin (Consolidated) Field was created and special field rules adopted on November 20, 2000 (Oil & Gas Docket No. 08-0225627) as a result of consolidation of three fields. This is a multi-operator field with over 200 wells. Cumulative field production is 3.84 MMBO.

The entire combined correlative interval from 5,640' to 7,960' as shown on the Platform Express Litho-Density Compensated Neutron log of the Energen Resources, University "14-A" Well No. 2, Section 14 Block 11, University Land Survey, Andrews County, Texas, should be designated as the Martin (Consolidated) Field. The proposed interval represents the entire Clearfork formation as being from the base of the Glorieta including the Upper Clearfork, Tubb, Lower Clearfork, Wichita and Wolfcamp to the top of the Fusselman. Several Rule 10 downhole commingling permits have been approved in the subject field as well as other Wolfcamp/Clearfork fields in Andrews County.

Consolidation of the subject fields will provide for the orderly development of fields and the efficient and effective recovery of reserves that otherwise would go unrecovered. Continuation of proration unit density of 40 acres and optional 20 acres is necessary for the efficient and effective depletion of the reservoir. Both fields are mature and there are numerous secondary recovery projects.

Minimum well spacing of 330'/660' (leaseline/between well) will provide flexibility in locating wells and re-completing wells in the subject field.

The 100% acreage allocation formula will provide for the protection of correlative rights.

FINDINGS OF FACT

1. Notice of this hearing was sent to all operators in the subject field at least ten (10) days prior to the subject hearing.

2. There was no protest at the call of the hearing.
3. The Martin (Wolfcamp) Field was discovered in 1951 at 7,956' subsurface depth. The field operates pursuant to Statewide Rules. Currently there are two operators and 7 wells in the field.
4. The Martin (Consolidated) Field was created and special field rules adopted on November 20, 2000 (Oil & Gas Docket No. 08-0225627). This is a multi-operator field with over 200 wells.
5. The entire combined correlative interval from 5,640' to 7,960' as shown on the Platform Express Litho-Density Compensated Neutron log of the Energen Resources, University "14-A" Well No. 2, Section 14 Block 11, University Land Survey, Andrews County, Texas, is designated as the Martin (Consolidated) Field.
6. Consolidation of the subject fields will provide for the orderly development of fields and the efficient and effective recovery of reserves that otherwise would go unrecovered.
 - a. Continuation of proration unit density of 40 acres and optional 20 acres is necessary for the efficient and effective depletion of the reservoir.
 - b. Both fields are mature and there are numerous secondary recovery projects.
7. Minimum well spacing of 330'/660' (leaseline/between well) will provide flexibility in locating wells and re-completing wells in the subject field.
8. The 100% acreage allocation formula will provide for the protection of correlative rights.

CONCLUSIONS OF LAW

1. Proper notice was given to all parties as set out in the provisions of all applicable codes and regulatory statutes.
2. All things have occurred and been accomplished to give the Commission jurisdiction in this matter.
3. Consideration for consolidation of fields and field rules, a determination of the effectiveness of the rules and appropriate actions is a matter within the Commission jurisdiction.
4. Consolidation of fields and adoption of the proposed field rules will prevent waste, foster conservation and protect correlative rights.

EXAMINER'S RECOMMENDATION

Based on the above findings and conclusions of law, the examiner recommends approval of the proposed field consolidation of the Martin (Wolfcamp) Field into the existing Martin (Consolidated) Field and amending the field rules for the Martin (Consolidated) Field.

Respectfully submitted,

Thomas H. Richter, P.E.
Technical Examiner
Office of General Counsel