

August 5, 2005

**OIL AND GAS DOCKET NO. 01-0243570**

---

**APPLICATION OF SELLERS LEASE SERVICES, INC. TO AMEND THE FIELD RULES FOR THE LITTLE NEW YORK FIELD, GONZALES COUNTY, TEXAS**

---

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

**DATE OF HEARING:** August 5, 2005

**APPEARANCES:**

George C. Neale, attorney  
Rick Johnston  
Dwight Cassell  
Bobby Sellers

**REPRESENTING:**

Sellers Lease Services, Inc.

**EXAMINER'S REPORT AND RECOMMENDATION**  
**STATEMENT OF THE CASE**

This is the unprotested application of Sellers Lease Services, Inc. to amend the field rules as adopted in Order No. 1-81,997, effective April 9, 1984, as amended, for the Little New York Field that currently provide for the following:

1. Minimum well spacing of 330'/660' (lease line/between well);
2. 20 acre proration units plus 10 acre tolerance and a maximum diagonal of 1,500';
3. An allocation formula based on 100% acreage.

Sellers Lease Services, Inc. proposes the following:

1. The entire combined correlative interval from 1,750' to 2,000' as shown on the Dual Induction log of the Sellers Lease Services, Inc. (Acme Petroleum Corp.) Parr Lease Well No. 3A, (API No. 177-31758) W.T. Williams Survey, A-482, Gonzales County, Texas, should be designated as the Little New York Field.
2. Minimum well spacing of 150'/300';
3. 10 acre proration units with 5 acre tolerance and a maximum diagonal of 1,100' and optional 5 acre density and a maximum diagonal of 1,100'; and
4. An allocation formula based on 10 BOPD per well and 3.7 BOPD per acre assigned

for proration purposes.

The examiner recommends approval of the application.

### **DISCUSSION OF THE EVIDENCE**

The Little New York Field was discovered in 1980 at 1,954' subsurface depth. The field is governed by special field rules as adopted by 1-81,997, as amended, effective April 9, 1984. The "gas" side of the field was discovered in 1971. Sellers Lease Services is the only operator in the oil field with 8 active wells. There are two operators in the "gas" field with one well each neither of which are active. The reservoir is the result of horst faulting. The gas cap area was located in the northeast portion of the reservoir and the oil interval west and south. Cumulative production from the field area is 262.3 MBO and 1.065 BCF of gas. Basic reservoir parameters are: average porosity 20%, average water saturation 35% and a net effective pay of up to 25 feet.

The proposed interval represents 8 recognized sand lense members. The sand lenses are heterogeneous and discontinuous from well to well. It is proposed that the entire combined correlative interval from 1,750' to 2,000' as shown on the Dual Induction log of the Sellers Lease Services, Inc. (Acme Petroleum Corp.) Parr Lease Well No. 3A, (API No. 177-31758) W.T. Williams Survey, A-482, Gonzales County, Texas, should be designated as the Little New York Field.

Ten (10) acre density and optional 5 acre density is necessary to provide for the efficient and effective depletion of the reservoir. The Parr Lease (08546) first started producing in 1984 and has had a total of 4 wells. Production decline analysis estimates that the recoverable oil to be 220,000 barrels. This is 55,200 BO per well. The calculated drainage area per well is 10.2 acres. The current production from the two current producing wells on the lease is 9 and 10 BOPD respectively. The Johnston & Parr Lease (10127) first started producing in 1984 and has had a total of 3 wells. Production decline analysis estimates that the recoverable oil to be 27,800 BO per well. The calculated drainage area per well is 6.4 acres. The current production from the three current producing wells on the lease is 9, 10 and 24 BOPD respectively. The Joe Johnston Lease (09193) first started producing in 1982 and has had a total of 5 wells. Production decline analysis estimates that the recoverable oil to be 18,700 BO per well. The calculated drainage area per well is 4.3 acres. The current production from the three current producing wells on the lease is 2, 3 and 6 BOPD respectively.

The proposed minimum well spacing, 150'/300' (leaseline/between well) is the minimum well spacing to allow flexibility in locating a well on a 5 acre unit. The proposed multi-factor allocation formula meets the statutory requirement for the combining of multiple lenticular reservoir members that are not in natural communication. However, the field is in the latter stage of depletion and wells should not be restricted by a prorated allowable and should be allowed to produce at whatever rate a well is capable of producing. Therefore, the allowables for oil wells should be set at capacity exempt from any limitation.

**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 Little New York Field was discovered in 1980 at 1,954' subsurface depth.
  - a. The field is governed by special field rules as adopted by 1-81,997, as amended, effective April 9, 1984.
  - b. The "gas" side of the field was discovered in 1971.
  - c. Sellers Lease Services is the only operator in the oil field with 8 active wells.
4. The entire combined correlative interval from 1,750' to 2,000' as shown on the Dual Induction log of the Sellers Lease Services, Inc. (Acme Petroleum Corp.) Parr Lease Well No. 3A, (API No. 177-31758) W.T. Williams Survey, A-482, Gonzales County, Texas, should be designated as the Little New York Field.
  - a. The proposed interval represents 8 recognized sand lense members.
  - b. The sand lenses are heterogeneous and discontinuous from well to well.
5. Ten (10) acre density and optional 5 acre density is necessary to provide for the efficient and effective depletion of the reservoir.
  - a. The Parr Lease (08546) first started producing in 1984 and has had a total of 4 wells. Production decline analysis estimates that the recoverable oil to be 55,200 BO per well. The calculated drainage area per well is 10.2 acres. The current production from the two current producing wells on the lease is 9 and 10 BOPD respectively.
  - b. The Joe Johnston Lease (09193) first started producing in 1982 and has had a total of 5 wells. Production decline analysis estimates that the recoverable oil to be 18,700 BO per well. The calculated drainage area per well is 4.3 acres. The current production from the three current producing wells on the lease is 2, 3 and 6 BOPD respectively.
6. The proposed minimum well spacing, 150'/300' (leaseline/between well) is the minimum well spacing to allow flexibility in locating a well on a 5 acre unit.
7. The field is in the latter stage of depletion and wells should not be restricted by a prorated

allowable and should be allowed to produce at whatever rate a well is capable of producing. Allowables for oil wells should be set at capacity exempt from any limitation.

**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 field rules, a determination of their effectiveness and appropriate actions are a matter within the Commission jurisdiction.
4. Adoption of the proposed amended 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 amended field rules for the Little New York Field.

Respectfully submitted,

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