

OIL AND GAS DOCKET NO. 01-0262311

THE APPLICATION OF GGG OIL COMPANY, LTD. TO AMEND THE FIELD RULES FOR THE HERRADURA (1st YEGUA) FIELD, LA SALLE COUNTY, TEXAS

Heard by: Donna K. Chandler on July 30, 2009

Appearances:

Dale Miller

Representing:

GGG Oil Company, Ltd.

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Field rules for the Herradura (1st Yegua) Field were adopted on May 13, 1997 in Order No. 01-0215258 and amended by Order No. 01-0220156, effective October 21, 1998. The rules in effect for the field are summarized as follows:

1. Designation of the field as the correlative interval from 898 feet to 908 feet as shown on the log of the Herradura Ranch No. 1;
2. 660'-1,320' well spacing;
3. 160 acre gas units with 10% tolerance;
4. 100% acreage allocation.

GGG Oil Company requests that the field rules be amended as follows:

1. No change;
2. 467'-1,200' well spacing;
3. 160 acre units with optional 40 acre units;
4. No change.

This application was unopposed and the examiner recommends that the field rules for the Herradura (1st Yegua) Field be amended as proposed by GGG Oil Company.

DISCUSSION OF THE EVIDENCE

The Herradura (1st Yegua) Field was discovered in 1995 upon completion of the Herradura Ranch No. 1. A total of seven gas wells have been completed in the field, but only one well is an active producer at this time. The field is classified as non-associated with AOF status. Cumulative production from the field is approximately 521 MMCF of gas.

Average porosity of the reservoir is 36% and average water saturation is 45%. Average net pay is 8 feet. Recoverable reserves beneath 160 acres are estimated to be 228 MMCF of gas and recoverable reserves beneath 40 acres are estimated to be 56 MMCF of gas. The discovery well for the field produced 212 MMCF before being plugged and abandoned. The calculated drainage area for this well is 149 acres. Drainage calculations for four other wells in the field range from 26 to 88 acres. On this basis, GGG requests that an optional 40 acre density rule be adopted. GGG plans to drill additional wells in the field on the 40 acre optional density rule.

The requested 467'-1,200' well spacing rule will accommodate development on 40 acre units. Additionally, GGG requests continuation of AOF status.

FINDINGS OF FACT

1. Notice of this hearing was given to all persons entitled to notice at least ten days prior to the date of hearing.
2. The Herradura (1st Yegua) Field was discovered in 1995 and is non-associated gas field which has had seven completions. There is currently only one active producer.
3. Field rules for the Herradura (1st Yegua) Field provide for 660'-1,320' well spacing, 160 acre density and 100% acreage allocation. The field is AOF.
4. The Herradura (1st Yegua) Field is designated to include the entire 1st Yegua interval as shown on the log of the Herradura Ranch No. 1 between the depths of 898 feet and 908 feet.
5. A density rule providing for optional 40 acre density is appropriate for the Herradura (1st Yegua) Field.
 - a. Recoverable reserves beneath 160 acres are estimated to be 228 MMCF of gas and recoverable reserves beneath 40 acres are estimated to be 56 MMCF of gas.
 - b. The discovery well for the field produced 212 MMCF before being plugged and abandoned and the calculated drainage area for this well is 149 acres.

- c. Drainage calculations for four other wells in the field range from 26 to 88 acres.
6. The requested 467'-1,200' well spacing rule will accommodate development on 40 acre units.

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. Amending the field rules for the Herradura (1st Yegua) Field is necessary to prevent waste and protect correlative rights.

EXAMINER'S RECOMMENDATION

Based on the above findings and conclusions, the examiner recommends that the field rules for the Herradura (1st Yegua) Field be amended as proposed by GGG Oil Company.

Respectfully submitted,

Donna K. Chandler
Technical Examiner