

OIL AND GAS DOCKET NO. 02-0257660

THE APPLICATION OF SUE-ANN OPERATING, L.C. TO AMEND THE FIELD RULES FOR THE KOONTZ (4750) FIELD, VICTORIA COUNTY, TEXAS

Heard by: Donna K. Chandler on July 23, 2008

Appearances:

Dale Miller

Representing:

Sue-Ann Operating, L.C.

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Field rules for the Koontz (4750) Field were adopted on July 14, 1958 in Docket No. 2-38,267. The rules are summarized as follows:

1. 467'-990' well spacing;
2. 40 acre oil units;
3. Allocation based on 75% acreage and 25% per well.

Sue-Ann Operating, L.C. requests that the field rules be amended as follows:

1. Designation of the field as the correlative interval from 4,730 feet to 4,760 feet as shown on the log of the Keeran No. 11;
2. 330' lease line spacing with no between-well spacing limitation;
3. 40 acre density with optional 20 acre units;
4. Salvage classification.

This application was unopposed and the examiner recommends that the field rules for the Koontz (4750) Field be amended as proposed by Sue-Ann Operating.

DISCUSSION OF THE EVIDENCE

The Koontz (4750) Field was formed in 1958 as a result of consolidating several fields. The first production from any field consolidated into the Koontz (4750) Field was in 1944. There are currently ten producing wells in the field, all except two of which are operated by Sue-Ann Operating. McGowan Working Partners operated the other two wells. Several other wells have produced from the field and have been plugged and abandoned.

Cumulative production from the field is approximately 3.5 million BO. Several wells in the field have current potentials of 80 BOPD. However, water cut is approximately 90% in the water drive reservoir. Sue-Ann plans to drill infill wells in the field in an effort to recover reserves which will not be recovered by the wells on the existing 40 acre development.

Sue-Ann estimated recoverable oil in place beneath 20 acres to be 172,000 BO. This estimate is based on 30% average porosity, 55% average water saturation, and 20 feet of net pay. The recovery factor is assumed to be 50% based on the water drive. Sue-Ann also estimated ultimate recoveries for several wells in the field. The ultimate recoveries ranged from less than 100,000 BO to over 250,000 BO. The resulting drainage areas for the wells studied range from 11 acres to 30 acres. On this basis, Sue-Ann requests a 20 acre optional density rule.

In conjunction with the optional 20 acre rule, Sue-Ann is requesting that the spacing rule provide for a minimum of 330 feet from lease lines, with no between-well spacing limitation. This requested spacing is necessary with the infill drilling plan to drill new wells at optimum locations between existing wells.

Additionally, Sue-Ann requests that the field be classified as salvage, with no restriction on oil or casinghead gas production. This field is in the late/intermediate state of depletion with high water cuts. Restriction of production to the 93 BOPD top allowable will serve no waste preventative measure.

A designated interval for this field has never been established. Sue-Ann requests that the field be designated as the correlative interval from 4,730 feet to 4,760 feet as shown on the log of the Keeran No. 11.

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. Field rules for the Koontz (4750) Field provide for 467'-990' well spacing, 40 acre density and allocation based on 75% acreage and 25% per well.

3. The Koontz (4750) Field was formed in 1958 as a result of consolidating several fields. There are currently ten producing wells in the field.
4. Cumulative production from the field is approximately 3.5 million BO.
5. Infill development of the field on 20 acre density is necessary to maximize recovery from the field.
 - a. The field has a strong water drive and water cut is approximately 90%.
 - b. Estimated recoverable oil in place beneath 20 acres in this field is 172,000 BO.
 - c. Estimated ultimate recoveries for wells in the field range from less than 100,000 BO to over 250,000 BO. The resulting drainage areas for the wells studied range from 11 acres to 30 acres.
6. A spacing rule providing for 330 feet from lease lines, with no between-well spacing limitation, is necessary to locate infill wells at optimum locations between existing wells.
7. Salvage classification is appropriate for the field because restriction of production is not necessary to prevent waste.
8. The Koontz (4750) Field should be designated as the correlative interval from 4,730 feet to 4,760 feet as shown on the log of the Keeran No. 11.

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 Koontz (4750) Field as proposed by Sue-Ann Operating, L.C. 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 Koontz (4750) Field be amended to define the field interval, eliminate the between-well spacing rule, adopt 20 acre optional density, and classify the field as salvage.

Respectfully submitted,

Donna K. Chandler
Technical Examiner