

December 14, 2006

OIL AND GAS DOCKET NO. 03-0249633

APPLICATION OF CONOCOPHILLIPS COMPANY TO CONSIDER FIELD RULES FOR THE FULSHEAR, S. (WILCOX 15450) FIELD, FORT BEND COUNTY, TEXAS

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

DATE OF HEARING: December 6, 2006

APPEARANCES:

REPRESENTING:

Jamie Nielson, attorney
Greg Cloud

ConocoPhillips Company

EXAMINER'S REPORT AND RECOMMENDATION
STATEMENT OF THE CASE

This is the unopposed application of ConocoPhillips Company for field rules for the Fulshear, S. (Wilcox 15450) Field which provide for:

1. The entire combined correlative interval from 14,600' to 15,700' TVD as shown on the Precision Energy Services Triple Combo Log of the ConocoPhillips, Harrison Lease Well No. 1 (API No. 42-157-32372), John Foster Survey, Fort Bend County, Texas should be designated as the Fulshear, S. (Wilcox 15450) Field.
2. A two-factor allocation formula based on 95% deliverability and 5% per well.

The examiner recommends approval of the application.

DISCUSSION OF THE EVIDENCE

The Fulshear, S. (Wilcox 15450) Field was discovered in 1976 at 15,438' subsurface depth. The field is governed by Statewide Rules and is classified as Non-Associated--Prorated. The allocation formula was suspended in 1993. There are two operators in the field and 5 wells. Temporary special field rules were adopted by Order No. 3-67,636, effective August 22, 1977 which provided for minimum well spacing of 1867'/3735', 640 acre gas well density, an allocation formula based on 100% acreage and a surface casing requirement of 2,100 feet. The temporary rules were continued by Order No. 3-70,610 effective January 22, 1979. The temporary field rules were rescinded by Order No. 3-89,611 effective March 9, 1989 and Statewide Rules prevailed.

It is proposed that entire combined correlative interval from 14,600' to 15,700' TVD as shown on the Precision Energy Services Triple Combo Log of the ConocoPhillips, Harrison Lease Well No. 1 (API No. 42-157-32372), John Foster Survey, Fort Bend County, Texas should be designated as the Fulshear, S. (Wilcox 15450) Field. The proposed interval includes members that

are known as the Meek, Meek 01, L. Meek and Wilcox 15,450. The subject interval is separated from the Middle Wilcox by 500 - 600' shale. The sand intervals are correlatable across the entire area.

The Fulshear, S. (Wilcox 15450) Field is a mature field area. A total of 12 wells have been completed in the field. This is a multi-pay Wilcox Formation area. The first two wells were completed in 1976 and 1977 respectively. The remaining ten wells have been completed since 2003. Cumulative field production is 5.8 BCF of gas and 36,000 barrels of condensate.

Because the proposed field designation is combining multiple productive zones, a two-factor allocation formula is necessary for the protection of correlative rights pursuant to State Statutes. The proposed two-factor allocation formula based on 95% deliverability and 5% per well satisfies this requirement. It is proposed that any overproduction be cancelled. The allocation formula should remain suspended as there remains a market for 100% of the produced gas from the field.

FINDINGS OF FACT

1. Notice of this hearing was sent to all affected persons at least ten (10) days prior to the subject hearing.
2. There was no protest at the call of the hearing.
3. The Fulshear, S. (Wilcox 15450) Field was discovered in 1976 at 15,438' subsurface depth. The field is governed by Statewide Rules and is classified as Non-Associated--Prorated and the allocation formula was suspended in 1993.
 - a. There are two operators in the field and 5 wells.
 - b. Temporary special field rules were adopted by Order No. 3-67,636, effective August 22, 1977 which provided for minimum well spacing of 1867'/3735', 640 acre gas well density, an allocation formula based on 100% acreage and a surface casing requirement of 2,100 feet. The temporary field rules were rescinded by Order No. 3-89,611 effective March 9, 1989 and Statewide Rules prevailed.
4. The entire combined correlative interval from 14,600' to 15,700' TVD as shown on the Precision Energy Services Triple Combo Log of the ConocoPhillips, Harrison Lease Well No. 1 (API No. 42-157-32372), John Foster Survey, Fort Bend County, Texas should be designated as the Fulshear, S. (Wilcox 15450) Field.
5. Because the proposed field designation is combining multiple productive zones, a two-factor allocation formula is necessary for the protection of correlative rights pursuant to State Statutes.
 - a. The proposed two-factor allocation formula based on 95% deliverability and 5% per well satisfies this requirement.

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. 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 field rules for the Fulshear, S. (Wilcox 15450) Field.

Respectfully submitted,

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