

February 21, 2007

OIL AND GAS DOCKET NO. 03-0250155

APPLICATION OF MATADOR PRODUCTION COMPANY TO AMEND THE FIELD RULES FOR THE ECHO (9910) FIELD, ORANGE COUNTY, TEXAS

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

DATE OF HEARING: February 21, 2007

APPEARANCES:

James M. Clark

REPRESENTING:

Matador Production Company

EXAMINER'S REPORT AND RECOMMENDATION
STATEMENT OF THE CASE

This is the unprotested application of Matador Production Company to amend the field rules as adopted in Order No. 3-84,307, effective January 28, 1985 for the Echo (9910) Field that currently provide for the following:¹

1. Minimum well spacing of 467'/1200' (lease line/between well);
2. 640 acre gas proration units plus 10% tolerance and a maximum diagonal of 12,000'; and optional 320 acre density and a maximum diagonal of 7,500'; and
3. An allocation formula based on 100% acreage.

Matador proposes the following:

1. The entire correlative interval from 10,631' to 10,759' as shown on the type log of the Matador Production Co., Orange County Development Corporation Lease Well No. 2 (API No. 42-361-30495), Orange County, Texas, should be designated as the Echo (9910) Field.
2. Minimum well spacing of 467'/933' (lease line/between well);
3. 160 acre gas proration units plus 10% tolerance and a maximum diagonal of 4,500'; and optional 80 acre density and a maximum diagonal of 3,250'; and
4. No Change.

The examiner recommends approval of the proposed field rules.

¹ The rules were adopted as temporary subject to review until August 1, 1986. Apparently the rules were never reviewed and remain effective.

DISCUSSION OF THE EVIDENCE

The Echo (9910) Field was discovered in 1983 at 9,910' subsurface depth and is designated as an Associated field. Special Field Rules were adopted pursuant to Order No. 3-84,307, effective January 28, 1985, as temporary. Matador operates one well as a gas well and Azimuth Energy operates one well in the "oil" field, however there has been no reported production from the Azimuth well in over 10 years.

The field is located in a swamp area that is environmentally sensitive. The proposed minimum well spacing rules (467'/933') are necessary to allow flexibility in locating wells because of surface limitations.

It is proposed that the entire correlative interval from 10,631' to 10,759' as shown on the type log of the Matador Production Co., Orange County Development Corporation Lease Well No. 2 (API No. 42-361-30495), Orange County, Texas, should be designated as the Echo (9910) Field.

Gas Proration unit density of 160 acres and optional 80 acres is necessary for the efficient and effective depletion of the reservoir. Four wells have produced from the field for a total of 2.6 BCF of gas and 277,000 barrels of condensate. Basic reservoir parameters are: net productive pay thickness ranges from 3 to 16'; average porosity is 20% and average water saturation is 40%. Volumetric analysis on two of the plugged wells substantiate the need for 160/optional 80 acre density. The Orange County Development "UA" Well No. 1 had cumulative production of 1.44 BCF of gas and was plugged in 1988. The calculated drainage area is 71 acres. The Orange County Development "UA" Well No. 2 had cumulative production of 667 MMCF of gas and was plugged in 1997. The calculated drainage area is 143 acres.

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 Echo (9910) Field was discovered in 1983 at 9,910' subsurface depth and is designated as an Associated field. Special Field Rules were adopted pursuant to Order No. 3-84,307, effective January 28, 1985, as temporary and were never reviewed.
4. The entire correlative interval from 10,631' to 10,759' as shown on the type log of the Matador Production Co., Orange County Development Corporation Lease Well No. 2 (API No. 42-361-30495), Orange County, Texas, should be designated as the Echo (9910) Field.
5. Gas Proration unit density of 160 acres and optional 80 acres is necessary for the efficient and effective depletion of the reservoir.

- a. A total of four wells have produced from the field for a total of 2.6 BCF of gas and 277,000 barrels of condensate.
 - b. The Orange County Development "UA" Well No. 1 had cumulative production of 1.44 BCF of gas and was plugged in 1988. The calculated drainage area is 71 acres.
 - c. The Orange County Development "UA" Well No. 2 had cumulative production of 667 MMCF of gas and was plugged in 1997. The calculated drainage area is 143 acres.
6. The proposed minimum well spacing rules (467'/933') are necessary to allow flexibility in locating wells because of surface limitations.
- a. The field is located is a swamp area that is environmentally sensitive.

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 of 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 Echo (9910) Field.

Respectfully submitted,

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