

THE APPLICATION OF KERR-MCGEE OIL & GAS ONSHORE LLC TO AMEND THE FIELD RULES FOR THE FLORES (VICKSBURG, LOWER) FIELD, STARR COUNTY, TEXAS

Heard by: Donna K. Chandler on April 25, 2001

Appearances:

Tim George
Terry Payne

Representing:

Kerr-McGee Oil & Gas

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

In 1986, the Commission consolidated several fields into a new field called the Flores (Vicksburg, Lower) Field. In the same docket, field rules were adopted for the consolidated field were adopted. The rules are summarized as follows:

1. Well spacing a minimum of 660 feet from lease lines and 1,320 feet between wells;
2. 160 acre gas units plus 10% tolerance and a maximum diagonal of 6,000 feet; optional 80 acre units with a maximum diagonal of 3,250 feet;
3. Allocation based on 50% acreage and 50% deliverability.

Kerr-McGee requests that the field rules be amended as follows:

1. Designation of the field as the correlative interval from 5,928 feet to 11,840 feet as shown on the log of the Yturria L&C B No. 1;
2. Well spacing a minimum of 467 feet from lease lines and 933 feet between wells;
3. 160 acre units with optional 40 acre units; maximum diagonal of 10,000 feet for the 160 acre units and 2,100 feet for the 40 acre units.
4. Allocation based on 95% deliverability and 5% per well.

This application was unopposed and the examiner recommends that the field rules for the field be amended as proposed by Kerr-McGee.

DISCUSSION OF EVIDENCE

The Flores (Vicksburg, Lower) Field was formed in 1986 as a result of the consolidation of five fields. The field operates under rules providing for 160/optional 80 acre density and 660' - 1,320' well spacing. There are 28 producing wells in the field and three operators. Kerr-McGee operates 22 of the 28 wells and plans to drill additional wells to further develop the field.

Kerr-McGee presented drainage area calculations for eight wells in the field. These eight wells have cumulative recoveries ranging from less than 1 BCF to over 13 BCF. Estimated ultimate recoveries for these wells range from 2.9 BCF to 14.3 BCF. Average porosities in these wells range from 12% to 21% and average water saturations range from 15% to 42%. Net pay thickness ranges from 84 feet to 301 feet. Calculated drainage areas range from a high of 142 acres in the J. A. Garcia No. 1 down to 12 acres in the Yturria No. 7.

The Flores area is just west of the Jeffress field area. The entire area is highly faulted. The most common well spacing for fields in this area is 467 feet from lease lines and 933 feet between wells and most fields have either basic 40 acre density or optional 40 acre rules. The nearest comparable field is the Flores, W. (Vicksburg Geopressure) Field, which has spacing and density rules identical to those proposed for the subject field. The Flores, W. (Vicksburg Geopressure) Field also has a large correlative interval similar to that proposed for the subject field.

Approval of the proposed field rules and correlative interval will allow this area to be developed most efficiently. All productive intervals can be produced simultaneously, resulting in maximum ultimate recovery. Gas analyses were provided for six intervals indicating the similar composition of produced gas.

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 Flores (Vicksburg, Lower) Field was formed in 1986 as a result of the consolidation of five fields. The field operates under rules providing for 160/optional 80 acre density and 660' - 1,320' well spacing.
3. There are 28 producing wells in the field, 22 of which are operated by Kerr-McGee Oil & Gas Onshore LLC.
4. Additional of an optional 40 acre density rule is appropriate for this field.
 - a. Kerr-McGee presented drainage area calculations for eight wells in the field.
 - b. Calculated drainage areas range from a high of 142 acres in the J. A. Garcia No. 1 down to 12 acres in the Yturria No. 7.

5. The proposed correlative interval for the Flores (Vicksburg, Lower) Field is consistent with the interval adopted for the adjacent Flores, W (Vicksburg Geopressure) Field.
6. Approval of the proposed field rules and correlative interval will allow this area to be developed most efficiently by simultaneously producing numerous lenticular zones as a single completion.
7. Well spacing a minimum of 467 feet from lease lines and 933 feet between wells will provide flexibility in locating wells in the highly faulted area in which the leases are generally long and narrow.

CONCLUSIONS OF LAW

1. Proper notice of this hearing was issued.
2. All things have been accomplished or have occurred to give the Commission jurisdiction in this matter.
3. Amending the field rules for the Flores (Vicksburg, Lower) Field will prevent waste and protect correlative rights.

RECOMMENDATION

Based on the above findings and conclusions of law, the examiner recommends that the field rules for the Flores (Vicksburg, Lower) Field be amended as proposed by Kerr-McGee Oil & Gas Onshore LLC.

Respectfully submitted,

Donna K. Chandler
Technical Examiner