

OIL AND GAS DOCKET NO. 04-0228298

THE APPLICATION OF P-R-O MANAGEMENT, INC., FOR TEMPORARY FIELD RULES IN THE AGUA DULCE, N. (LAMB SAND) FIELD, NUECES COUNTY, TEXAS

Heard by: Margaret Allen, Technical Hearings Examiner

Procedural history

Application received: May 8, 2001

Hearing held: June 12, 2001

Appearances

Dale Miller	Representing P-R-O Management
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EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

P-R-O Management is seeking the following temporary field rules for the Agua Dulce, N. (Lamb Sand) Field:

1. Designated interval from 6710 to 6730 feet as shown on the log of the P-R-O Management Critz Lease Well No. 4;
2. 1320-2640 foot well spacing;
3. 320 acre gas proration units with 10% tolerance and a maximum diagonal of 6000 feet; and
4. allocation based on acreage.

DISCUSSION OF THE EVIDENCE

The Agua Dulce, N (Lamb Sand) Field was discovered in December of 2000, by the re-completion of P-R-O Management's Critz Well No. 4. The well was drilled in 1999, and plugged back to this Frio sandstone, found between 6710 and 6728 feet. Deliverability, as measured on the G-10 test December 6, 2000, was 1125 MCF per day, at a bottom-hole pressure of 3385 psi.

From December through April, 2001, cumulative production has been 147 MMCF and 3500 BC. The well's performance has improved rather than declined. The applicant assumes there is a partial water drive though no significant amounts of water are being produced now. Assuming 15% annual decline in the future, the well's estimated ultimate recovery will be 2.5 BCF.

Reservoir parameters include 22% porosity, water saturation of 25% and net pay of 8.5 feet. The permeability is 21 md, based on core data. P-R-O assumed 60% recovery of the original-gas-in-place, based on the drive mechanisms. Volumetric calculations show 1370 MCF of gas in place per acre-foot of reservoir. The recoverable gas underneath 320 acres is calculated to be 2.2 BCF.

P-R-O Management does not intend to drill any other wells in this field. It believes the field is located on a small structure covering about 320 acres and the one well should be able to drain the entire feature. The requested well spacing of 1320-2640 feet is standard for 320 acre density. Allocation based on acreage will protect correlative rights.

FINDINGS OF FACT

1. Notice of this hearing was given to all operators in the field and to all offset operators and unleased mineral interest owners to the discovery tract on May 25, 2001.
2. The Agua Dulce, N. (Lamb Sand) Field was discovered in December, 2000, by the recompletion of the Critz Lease Well No. 4.
3. The discovery well was perforated from 6710 to 6728 feet in a Frio sandstone that has 8.5 feet of net pay.
4. Cumulative production of the discovery well has been 147 MMCF and 3500 BC.
5. Gas proration units of 320 acres are appropriate for temporary field rules.
 - a. The initial deliverability of the Critz No. 1 was 1125 MCF, with no water, and the well has shown no decline to date.
 - b. Using reasonable assumptions, the Critz No. 1 may be able to ultimately produce 2.5 BCF.
 - c. Volumetric calculations indicate that 2.5 BCF would drain 387 acres in this reservoir.
 - d. There are other Frio gas fields in Nueces County that have 320-acre proration units.
6. Well spacing of 1320-2640 feet is standard for 320-acre density.
7. The producing Frio sandstone extends from 6710 to 6730 as shown on the log of the P-R-O Management Critz Well No. 1.
8. Allocation based on acreage will protect correlative rights.

CONCLUSIONS OF LAW

1. Proper notice was given as required by statute.
2. All things have been done or occurred to give the Railroad Commission jurisdiction to resolve this matter.
3. The requested temporary field rules will prevent waste, protect correlative rights within the field, and promote orderly development of the reservoir.

EXAMINER'S RECOMMENDATION

Based on the above findings and conclusions, the examiner recommends that the requested temporary field rules be adopted for the Agua Dulce, N. (Lamb Sand) Field, and reviewed in 18 months.

Respectfully submitted,

Margaret Allen
Technical Hearings Examiner

Date of Commission Action: July 24, 2001