

**THE APPLICATION OF TRIAD ENERGY CORPORATION TO AMEND RULES FOR THE SEELIGSON (CONSOLIDATED) FIELD, JIM WELLS COUNTY, TEXAS**

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**Heard by:** Margaret Allen, Technical Hearings Examiner

**Procedural history**

Application received: July 3, 2006

Hearing held: July 28, 2006

**Appearances**

James Cowden  
Bob Glenn (by telephone)

Representing  
Triad Energy Corporation

**EXAMINER'S REPORT AND RECOMMENDATION**

**STATEMENT OF THE CASE**

The Seeligson (Consolidated) Fields was formed June 13, 1994, by Final Order No. 04-0204978. The field rules, as amended, for the Seeligson (Consolidated) Field can be summarized as follows:

1. 467'-1200' well spacing;
2. 40 acre gas proration units with 2100' maximum diagonal; and
3. allocation based 75% on deliverability and 25% per well.

Triad Energy Corporation ("Triad") proposes that the field rules be amended to require no minimum between-well spacing. The examiner requested that a designated interval be adopted for the field and Triad proposing one that shows the top of the interval at 6158' and the base at 7187' on the log of the Triad Energy Corporation P. Canales Lease Well No. 138.

**DISCUSSION OF THE EVIDENCE**

The Seeligson (Consolidated) Field was formed by the consolidation of 27 fields producing from the lower Frio and upper Vicksburg Formations between 6000' and 7000'. The first discoveries in this interval were in the 1930's. In 1996, another 79 fields were added to the Seeligson (Consolidated) Field. No designated interval was adopted because few wells showed all of the fields being consolidated. Triad proposed that the designated interval be defined as that between 6158' and 7187' on the log of its P. Canales Lease Well No. 138.

There are 59 gas wells, 18 of which are active; and 30 oil wells, with 6 of these active. Average daily production from a gas well is 61 MCF and 0.6 BC, while average daily production from an oil well

is 4.4 BO and 42 MCF. Cumulative field production since 1994 is 187,000 BO and 10.8 BCF. None of the producing sandstones have gas caps--the sands produce either gas or oil. There are five operators, though one has only a disposal well.

Triad's Seeligson Unit has 18,000 acres and it is actively recompleting wells in the southern portion of the field. New wells are capable of producing up to 1 MMCF of gas per day. Triad has shot seismic over the field and is able to target very small reservoirs that have not yet been produced. The producing sandstones are lenticular and reservoirs have small areal extents. The remaining production is largely salvage and even wellbores very close together are not in competition for the same reserves. Triad's Seeligson Unit has 18,000 acres.

It is common for consolidated fields in Jim Wells County to require no minimum between-well spacing. The overlying Seeligson (Combined Zones) Field was formed in 1995 by the consolidation of 81 fields in the interval between 4120' and 6308'. This field has 184 gas wells (76 are active) and 85 oil wells (27 are active). Well spacing is 330'-0'. The underlying T.-C.-B. (Lwr Frio-Up Vxgb) Field is found between 7572' and 9360'. This field has 17 wells and 467'-0' well spacing. The deeper T-C-B (Lower Vicksburg Combined) Field, between 9360' and 12,263', has 467'-0' well spacing.

#### **FINDINGS OF FACT**

1. Notice of this hearing was mailed to all operators in the Seeligson (Consolidated) Field on July 6, 2006.
2. The Seeligson (Consolidated) Field was formed in 1994 with the consolidation of 27 lower Frio and upper Vicksburg reservoirs.
3. Another 79 fields were added in 1996 and field rules with 467'-1200' well spacing were adopted.
4. There are 59 gas wells, 18 of which are active; and 30 oil wells, with 6 of these active.
5. Cumulative production in the Seeligson (Consolidated) Field since 1994 has been 187,000 BO and 10.8 BCF.
6. Active development shows there are still reserves left in small overlooked reservoirs.
7. Even wells that are very close together produce from different reservoirs.
8. It is common for consolidated fields in this area to require no minimum distance between wells.
  - a. The shallower Seeligson (Combined Zones) Field has 330'-0' well spacing.
  - b. The deeper T.-C.-B. (Lwr Frio-Up Vxgb) and T-C-B (Lower Vicksburg Combined) Fields have 467'-0' well spacing.
9. Eliminating the between well spacing in the Seeligson (Consolidated) Field will facilitate further

development of the multiple lenses in the lower Frio and upper Vicksburg Formations.

10. A designated interval extending from 6158' to 7187' as shown on the log of the Triad Energy Corporation P. Canales Lease Well No. 138 includes the productive section in the Seeligson (Consolidated) Field.

**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 amendments to the Seeligson (Consolidated) Field rules will prevent waste, protect correlative rights and promote orderly development of the reservoirs.

**EXAMINER'S RECOMMENDATION**

Based on the above findings and conclusions, the examiner recommends approval of the request by Triad Energy Corporation to eliminate between-well spacing. The suggested designated interval should be adopted for the Seeligson (Consolidated) Field, as per the attached order.

Respectfully submitted,

Margaret Allen  
Technical Hearings Examiner