

**OIL AND GAS DOCKET NO. 04-0248947**

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**THE APPLICATION OF CHEVRON U.S.A. INC. TO AMEND THE FIELD RULES FOR THE MCALLEN RANCH (VICKSBURG Y) FIELD, HIDALGO COUNTY, TEXAS**

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**Heard by:** Donna K. Chandler on October 17, 2006

**Appearances:**

Brian Sullivan  
Terry Payne

**Representing:**

Chevron U.S.A. Inc.

**EXAMINER'S REPORT AND RECOMMENDATION**

**STATEMENT OF THE CASE**

Field rules adopted in Final Order No. 4-68,554, effective March 20, 1978, as amended, for the McAllen Ranch (Vicksburg Y) Field are summarized as follows:

1. 467'-1,200' well spacing;
2. 160 acre gas units with 10% tolerance and a maximum diagonal of 4,500 feet;
3. Allocation based on 100% acreage.

Chevron U.S.A. Inc. requests that Rule 1 be amended to provide for 467'-0' well spacing.

This application was unopposed and the examiner recommends approval of the amendment to the field rules for the McAllen Ranch (Vicksburg Y) Field, as requested by Chevron.

**DISCUSSION OF THE EVIDENCE**

The McAllen Ranch (Vicksburg Y) Field was discovered in May 1976. The field is a non-associated gas field with 13 wells on the current proration schedule, most of which are inactive. Chevron U.S.A., Forest Oil Corporation and Shell Western E & P are the only operators in the field.

There are 42 designated McAllen Ranch fields shown on the proration schedule. However, 29 of the fields have been consolidated with other fields. In the 13 remaining active fields, there are many existing inactive wellbores which are potential recompletion candidates for the McAllen Ranch (Vicksburg Y) Field. This area has complex faulting. Chevron plans to drill some new wells and use existing wellbores for recompletions in separate fault blocks which have not yet been produced. Many of the existing wellbores are closer than 1,200 feet to other wellbores. Elimination of the between-well spacing requirement will allow for placement of new wells and use of existing wellbores at optimum locations based on the presence of faults. Three other McAllen Ranch fields already operate under rules with no between-well spacing limitation.

### **FINDINGS OF FACT**

1. Notice of this hearing was given to all persons entitled to notice and there were no protests.
2. The McAllen Ranch (Vicksburg Y) Field was discovered in May 1976. The field operates under special rules providing for 467'-1,200' well spacing, 160 acre density, and allocation based on 100 acreage.
3. There are 13 wells carried in the field, most of which are inactive.
4. The McAllen Ranch (Vicksburg Y) Field is highly faulted. Elimination of the between-well spacing requirement in the field will allow operators to recomplete existing wellbores and drill new wells at optimum locations to encounter fault blocks which have not yet been produced.
5. The allocation formula in the McAllen Ranch (Vicksburg Y) Field is currently suspended.

### **CONCLUSIONS OF LAW**

1. Proper notice of this hearing was given to all persons legally entitled to notice.
2. All things have occurred or been accomplished to give the Railroad Commission jurisdiction in this matter.
3. Amending the field rules for the McAllen Ranch (Vicksburg Y) Field as proposed by Chevron U.S.A., Inc. is necessary to prevent waste, protect correlative rights, and promote orderly development of the field.

**EXAMINER'S RECOMMENDATION**

Based on the above findings and conclusions, the examiner recommends that Rule 1 of the field rules for the McAllen Ranch (Vicksburg Y) Field be amended to provide for 467'-0' well spacing. The other rules should remain unchanged and the allocation formula should remain suspended.

Respectfully submitted,

Donna K. Chandler  
Technical Hearings Examiner