

OIL AND GAS DOCKET NOS 04-0249522 - 04-0249532

THE APPLICATIONS OF EL PASO E & P COMPANY, L. P. TO AMEND/ADOPT A SPACING RULE FOR VARIOUS FIELDS, HIDALGO COUNTY, TEXAS

Heard by: Donna K. Chandler on November 29, 2006

Appearances:

James Cowden
John Miller

Representing:

El Paso E & P Company, L. P.

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

In the following dockets, El Paso E & P Company L.P. requests that a spacing rule for the corresponding field be adopted to provide for a minimum of 467 feet from lease lines and 933 feet between wells. El Paso requests that the standard drilling unit of 40 acres be retained, and that any allocation formula or designated interval in effect for any of the fields remain unchanged.

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| Docket No. 04-0249522 | Jeffress, NE. (Yegua) Field |
| Docket No. 04-0249523 | Jeffress, S.E. (Vicksburg S) Field |
| Docket No. 04-0249524 | Jeffress, W. (Vicksburg T) Field |
| Docket No. 04-0249525 | Jeffress, W. (Vicksburg U) Field |
| Docket No. 04-0249526 | Jeffress, W. (Vicksburg V) Field |
| Docket No. 04-0249527 | Texan Gardens, N. (Vicks S.) Field |
| Docket No. 04-0249528 | Texan Gardens, N. (Vks-S1) Field |
| Docket No. 04-0249529 | Texan Gardens, N. (Vksbg. T) Field |
| Docket No. 04-0249530 | Texan Gardens, N. (Vksbg. U) Field |
| Docket No. 04-0249531 | Texan Gardens, NE. (Vicks. O) Field |
| Docket No. 04-0249532 | Monte Christo, S. (Vicks. Cons.) Field |

DISCUSSION OF THE EVIDENCE

The area of the various fields has numerous productive Yegua and Vicksburg sands which have been designated as separate fields by the Commission. These sand members are correlative between the various field designations, but the area is highly

faulted. El Paso is the only operator in the subject fields and is actively developing the area with new drilling and recompletions in the subject fields. These fields were discovered as early as 1981 and wells in the fields have produced a total of 31 BCF of gas. The fields are in the late stage of depletion and many wells are already commingled.

More than 20 other Jeffress fields in this immediate area already operate under rules providing for 467'-933' well spacing. All of the subject 11 fields are non-associated gas fields which operate under Statewide spacing and density rules. Four of the fields, the Jeffress, NE (Yegua), Texan Gardens, N. (Vks-S1), Texan Gardens, N. (Vksbg. U) and the Monte Christo, S. (Vicks. Cons.) Fields, have a designated interval and a two-factor allocation formula. El Paso requests no changes to these existing rules.

A spacing rule for these fields allowing wells to be as close as 933 feet will make it possible to recomplete or commingle wells without obtaining Rule 37 exceptions. If required to be 1,200 feet apart, each well has to be located within a 1.3 acre square in the middle of its 40-acre drilling unit. Under a 933 foot between well spacing rule, the size of the "legal" area is increased to 13.7 acres, providing additional flexibility.

FINDINGS OF FACT

1. Notice of this hearing was given to all operators in the subject fields.
2. The area of the subject field is productive in many separate sands and fault blocks.
3. El Paso is the only operator in the subject fields and is actively developing the area with new drilling and recompletions in the subject fields.
4. The subject fields are in the late stage of depletion and many wells are already commingled.
5. Many other Jeffress fields in this immediate area already operate under rules providing for 467'-933' well spacing.
6. The proposed spacing rule of 933 feet between wells will provide additional flexibility in developing the fields without obtaining numerous Rule 37 exceptions.

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 spacing rule for the subject 11 fields is necessary to prevent waste, protect correlative rights within the fields, and provide for orderly development of the fields.

EXAMINER'S RECOMMENDATION

Based on the above findings and conclusions, the examiner recommends that a spacing rule be adopted for each of the subject fields which provides for a minimum of 467 feet from lease lines and 933 feet between wells.

Respectfully submitted,

Donna K. Chandler
Technical Examiner