

OIL AND GAS DOCKET NO. 04-0254735

THE APPLICATION OF CORONADO ENERGY E & P COMPANY, LLC TO AMEND THE FIELD RULES FOR THE SEVEN SISTERS, S. (WILCOX, LO.) FIELD, DUVAL COUNTY, TEXAS

Heard by: Donna K. Chandler on January 17, 2008

Appearances:

Greg Cloud

Representing:

Coronado Energy E & P Company, LLC

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Field rules for the Seven Sisters, S. (Wilcox, Lo.) Field were adopted on September 12, 1988 in Docket No. 4-92,335. The rules in effect for the field are summarized as follows:

1. 660'-1,320' well spacing;
2. 320 acre gas units with a maximum diagonal of 6,000 feet;
3. Allocation based on 100% acreage, with AOF status.

Coronado requests that the field rules be amended as follows:

1. Designation of the field as the correlative interval from 13,650 feet to 14,400 feet as shown on the log of the Exxon State No. 1;
2. 660'-1,320' well spacing;
3. 320 acre units with optional 80 acre units;
4. Allocation based on 75% acreage and 25% deliverability, with continued AOF status.

This application was unopposed and the examiner recommends that the field rules for the Seven Sisters, S. (Wilcox, Lo.) Field be amended as proposed by Coronado, with

the exception of base 320 acre units. The examiner recommends that the density rule provide for 160/optional 80 acres. No objection was made by any operator to this recommendation.

DISCUSSION OF THE EVIDENCE

The Seven Sisters, S. (Wilcox, Lo.) Field was discovered in 1987 at a depth of approximately 12,000 feet. There are currently 5 wells producing from the field and Coronado is in the process of drilling a well to the field. Coronado also has plans to drill at least four more wells. The field is non-associated with cumulative production of 7.1 BCF of gas.

Coronado calculated drainage areas for three wells in the field to demonstrate that 80 acre optional rules are appropriate for the field. The discovery well, the Exxon State No. 1 is now recompleted to another field but produced 2.3 BCF from the subject field. The calculated drainage area for this well is 103 acres, assuming 29 feet of pay which was indicated in the original field rule hearing. The Exxon State No. 2 has 37 feet of pay and will ultimately recover 2.0 BCF of gas, resulting in a calculated drainage area of 48 acres. The Welder Heirs 215 No. 3 has 27 feet of net pay and is expected to ultimately recover 618 MMCF of gas. The calculated drainage area for this well is only 19 acres.

Coronado also requests that a correlative interval be defined for the field. Coronado suggests that the field be defined as the correlative interval from 13,650 feet to 14,400 feet as shown on the log of the Exxon State No. 1. This interval is consistent with the interval of the Wilcox which has been designated as tight pursuant to Rule 101. The interval contains several individual sands which are not in communication. Therefore, a two factor allocation formula is required by state statutes. Coronado proposes that allocation be based on 75% acreage and 25% deliverability.

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 Seven Sisters, S. (Wilcox, Lo.) Field was discovered in 1987 at a depth of approximately 12,000 feet. There are 5 producing wells in this non-associated gas field.
3. Field rules for the field provide for 660'-1,320' well spacing, 320 acre units, and allocation based on 100% acreage.
4. A density rule providing for 160/optional 80 acres is appropriate for the field.
 - a. The discovery well for the field, the Exxon State No. 1, produced 2.3 BCF prior to being recompleted to another field. The calculated

drainage area for this well is 103 acres, assuming 29 feet of pay which was indicated in the original field rule hearing.

- b. The Exxon State No. 2 will ultimately recover 2.0 BCF of gas and has a calculated drainage area of 48 acres.
 - c. The Welder Heirs 215 No. 3 will ultimately recover 618 MMCF of gas and has a calculated drainage area of 19 acres.
5. The Seven Sisters, S. (Wilcox, Lo.) Field should be designated as the correlative interval from 13,650 feet to 14,400 feet as shown on the log of the Exxon State No. 1. This interval consists of numerous lenticular sands.
 6. Allocation based on 75% acreage and 25% deliverability is a reasonable formula which will protect correlative rights and meet statutory requirements.

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 Seven Sisters, S. (Wilcox, Lo.) Field as proposed by Coronado Energy E & P Company, LLC is necessary to prevent waste and protect correlative rights.

EXAMINER'S RECOMMENDATION

Based on the above findings and conclusions, the examiner recommends that the Field rules for the Seven Sisters, S. (Wilcox, Lo.) Field be amended to designate a correlative interval for the field, adopt a density rule of 160/optional 80 acres and adopt a two factor allocation formula.

Respectfully submitted,

Donna K. Chandler
Technical Hearings Examiner