

THE APPLICATION OF EL PASO E&P ZAPATA, LP TO ADOPT FIELD RULE NO. 2 FOR THE ROLETA (WILCOX CONSOLIDATED) FIELD, ZAPATA COUNTY, TEXAS

Heard by: Andres J. Trevino, P.E. on July 9, 2008

Appearances:

Jim Cowden
John F. Miller

Representing:

El Paso E&P Zapata, LP

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

El Paso E&P Zapata, LP requests that Statewide well spacing for the Roleta (Wilcox Consolidated) Field be amended. The rule currently in effect for the field provide for a 467'-1,200' well spacing. El Paso proposes the following Rule No.2 for the field:

2. 467'-933' well spacing;

The allocation formula is suspended and El Paso request the allocation formula remain suspended. El Paso requests the drilling unit remain at 40 acre units. This application was unopposed and the examiner recommends that the field rules for the Roleta (Wilcox Consolidated) Field be amended as proposed by El Paso E&P Zapata, LP.

DISCUSSION OF EVIDENCE

The Roleta (Wilcox Consolidated) Field was formed in 1995 with the consolidation of the thirteen Roleta fields as a non-associated gas field. A total of 232 wells have been completed in the field. El Paso E&P Zapata LP currently operates 24 of the wells and there are an additional 11 operators in the field.

The Roleta (Wilcox Consolidated) Field is undergoing active development with infill drilling and has produced over 455 BCF of gas and 1.89 MMBC of condensate. The Roleta (Wilcox Consolidated) Field is located near the Mexican border where the leases are divided into long and narrow "Porcion" surveys. The 1,200 foot between well spacing in some occasions limits the number of wells that can be placed on the narrow leases. In these instances the leases are not drilled to density, leaving reserves behind.

The reservoirs for the Roleta (Wilcox Consolidated) Field are highly faulted, discontinuous and are designated as tight. Reducing the between well spacing from 1,200 feet to 933 feet will allow operators in the field to place wells at additional locations without the need for numerous Rule 37 exceptions. Retaining the 40 acre drilling units will allow infill drilling to recover additional reserves that would otherwise go unrecovered. The allocation formula has been suspended since 1995.

FINDINGS OF FACT

1. Notice of this hearing was given to all persons entitled to notice and no protests were received.
2. Field rules for the Roleta (Wilcox Consolidated) Field provide for a correlative interval of 7,790' to 8,978', 467'-1,200' well spacing, 40 acre gas units and allocation based 75% deliverability and 25% per well. The allocation formula is suspended.
3. There are currently 193 wells producing from the field. A total of 455 BCF of gas and 1.89 MMBC of condensate has been produced from the field.
4. The Roleta (Wilcox Consolidated) Field is undergoing active development with infill drilling.
5. The reservoir of the Roleta (Wilcox Consolidated) Field is highly faulted and are designated as tight.
6. The Roleta (Wilcox Consolidated) Field is located near the Mexican border where leases were divided into long and narrow "Porcion" surveys.
7. Reducing the between well spacing from 1,200 feet to 933 feet will allow operators in the field to place wells at additional locations without the need for numerous Rule 37 exceptions and drill existing leases to density.
8. Retaining the 40 acre units will allow infill drilling to recover additional reserves that would otherwise go unrecovered.
9. The allocation formula has been suspended since 1995.

CONCLUSIONS OF LAW

1. Proper notice of this hearing was issued.
2. All things have been accomplished or have occurred to give the Commission jurisdiction in this matter.

3. Amending the field rules for the Roleta (Wilcox Consolidated) Field is necessary to prevent waste, protect correlative rights and promote development of the field.

RECOMMENDATION

Based on the above findings and conclusions of law, the examiner recommends that the Commission amend the well spacing rule for the Roleta (Wilcox Consolidated) Field as proposed by El Paso E&P Zapata LP.

Respectfully submitted,

Andres J. Trevino, P.E.
Technical Examiner