

**OIL AND GAS DOCKET NO. 04-0261253**

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**THE APPLICATION OF MILAGRO EXPLORATION, LLC TO EXPAND THE CORRELATIVE INTERVAL FOR THE CD NABORS (VICKSBURG) FIELD, STARR COUNTY, TEXAS**

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**Heard by:** Donna K. Chandler on March 26, 2009

**Appearances:**

David Klatt

**Representing:**

Milagro Exploration, LLC

**EXAMINER'S REPORT AND RECOMMENDATION**

**STATEMENT OF THE CASE**

Milagro Exploration, LLC requests that the correlative interval for the CD Nabors (Vicksburg) Field be expanded to include additional productive sands. Milagro proposes that the field be defined as the correlative interval between 8,825 feet as shown on the log of the Cleopatra Well No. 5 and 11,450 feet as shown on the log of the Cleopatra No. 9.

This application was unopposed and the examiner recommends approval of Milagro's request to expand the correlative interval for the field.

**DISCUSSION OF THE EVIDENCE**

The CD Nabors (Vicksburg) Field was discovered in November 2000 upon completion of the Cleopatra No. 1. In Docket No. 04-0230219, the Commission signed a Final Order on February 5, 2002, adopting a correlative interval for the field and allocation based on 95% deliverability and 5% per well. The allocation formula is currently suspended.

The field is currently defined as the correlative interval from 8,850 feet to 10,515 feet as shown on the log of the Cleopatra No. 5. This interval includes the Vicksburg 14 thru 21 sands. Milagro proposes addition of the Vicksburg 22 thru 25 sands to the field interval. The earlier wells in the field had not encountered these deeper sands. The proposed interval is from 8,825 feet as shown on the log of the Cleopatra No. 5 to 11,450 feet as shown on the log of the Cleopatra No. 9, which is the top of the Jackson Shale.

Ten wells are producing from the field, all operated by Milagro. In July 2008, Milagro completed its Cleopatra No. 9, with perforations in the Vicksburg 25. In January 2009, Milagro completed its Jay Jacks No. 2, also in the Vicksburg 25. All of the other wells in the field had been completed in various Vicksburg sands between the 14 and 21 sands.

All of the Vicksburg sands within the proposed designated interval are geo-pressured, with gradients ranging from 0.7 to 0.9 psi/foot. With the expanded field interval, additional gas will be recovered as a result of commingling the deeper Vicksburg sands. The combined economic limit of each wellbore can be lowered by eliminating the cost of separate completions in each zone. Gas produced from the individual sands have similar fluid properties and no cross-flow is anticipated.

The field already has a two factor allocation formula and Milagro requests no change in the formula. The allocation formula is currently suspended and Milagro requests continuation of the AOF status.

#### **FINDINGS OF FACT**

1. Notice of this hearing was given to all operators of wells in the CD Nabors (Vicksburg) Field at least ten days prior to the date of hearing.
2. The CD Nabors (Vicksburg) Field was discovered in 2000. The interval for the field is from 8,825 feet to 10,515 feet as shown on the log of the Cleopatra No. 5. This interval includes the Vicksburg 14 thru 21 sands.
3. Expansion of the correlative interval for the field to include the Vicksburg 22 thru 25 sands will maximize ultimate recovery by lowering the economic limit of the combined zones. Two recent wells have been completed in the Vicksburg 25.
4. Expansion of the correlative interval for the field will not cause waste because the interval includes only geo-pressured Vicksburg sands which have similar reservoir and fluid properties.
5. The CD Nabors (Vicksburg) Field should be designated as the correlative interval from 8,825 feet as shown on the log of the Cleopatra No. 5 to 11,450 feet as shown on the log of the Cleopatra No. 9. This interval includes the Vicksburg 14 thru 25 sands.
6. The allocation formula for the field is currently based on 95% deliverability and 5% per well and the field is AOF status.

#### **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. Expansion of the designated interval for the CD Nabors (Vicksburg) Field as proposed by Milagro Exploration, 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 interval for the CD Nabors (Vicksburg) Field be expanded as proposed by Milagro Exploration, LLC.

Respectfully submitted,

Donna K. Chandler  
Technical Hearings Examiner