OIL AND GAS DOCKET NO. 06-0250368

THE APPLICATION OF CHEVRON USA, INC. TO EXPAND THE CORRELATIVE INTERVAL FOR THE BETHANY (TRANSITION) FIELD AND ADOPT A TWO FACTOR ALLOCATION FORMULA FOR THE FIELD, PANOLA AND HARRISON COUNTIES, TEXAS

Heard by: Andres J. Trevino, P.E. on February 20, 2007

Appearances:	**Representing:**
Brian R. Sullivan	Chevron USA, Inc.
Jenny LaGesse	
Susan L. Tidwell	
Chuck Treska	

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Chevron USA, Inc. requests that the correlative interval for the Bethany (Transition) Field be expanded to include additional productive sands.Chevron requests that of the Bethany (Transition) Field be defined as the correlative interval between 5,711 feet and 5,953 feet as shown on the log of the Crenshaw GU No. 2 for wells with the Bethany (Travis Peak) sand present and between 5,764 feet and 6,106 feet as shown on the log of the Adams T.C. et ux NCT No. 47L for wells without the Bethany (Travis Peak) sand present. Chevron also requests that a two factor allocation formula be adopted for the field which provides for allocation based on 95% deliverability and 5% per well.

This application was unprotested and the examiner recommends approval of Chevron's request to expand the correlative interval for the field and adopt a two factor allocation formula.

DISCUSSION OF THE EVIDENCE

The Bethany (Transition) Field was discovered in 1964 and is in late stages of depletion. This field has never had an approved field interval and Chevron is planning to perforate and produce the many thin multi-lenticular sands that exist within the Bethany Transition formation. The field operates under Statewide Rules and the allocation formula is suspended. There are eight producing wells in the field. The field has produced 1.17 BCFG and 5,733 BO.

The Bethany (Transition) Field's correlative interval will begin at the base of the Pettit formation (limestone) and end above either the Bethany (Travis Peak) formation (sandstone) or the Travis Peak 6100 (sandstone) formation. The Bethany (Travis Peak) formation does not exist in all wells in this area, therefore two correlative intervals will be proposed.

Chevron requests that the current field designation be defined to include all pay zones within the Bethany Transition formation. Chevron requests that the field be defined for wells that find the Bethany (Travis Peak) Field sand present as the entire correlative interval from 5,711 feet to 5,953 feet as shown on the DIL Comp Nuetron log of the Texaco Exploration & Production Inc. Crenshaw GU #2 Well No. 5-6. For wells that do not find the Bethany (Travis Peak) Field sand present, the field shall be defined as the entire correlative interval from 5,764 feet to 6,106 feet as shown on the Array Induction log of the Texaco Exploration & Production Inc. Adams T.C. et ux NCT Well No. 47-L.

Chevron estimates that additional gas will be recovered as a result of the proposed designation of the field interval and elimination of the costs associated with separate completions in each zone. Additionally, most zones would not be economic to produce as separate completions. All of the sands within the proposed correlative interval are thin poorly developed sands with limited areal extent.

Because the proposed designated intervals contains multiple sands, a two factor allocation formula is required by statute. Chevron proposes that allocation be based on 95% deliverability and 5% per well. This allocation formula is currently suspended and Chevron requests continuation of this status.

FINDINGS OF FACT

1. Notice of this hearing was given to all operators of wells in the Bethany (Transition) Field at least ten days prior to the date of hearing.

2. The Bethany (Transition) Field was discovered in 1964 and is in a late stage of depletion.

3. Expansion of the correlative interval for the field to include the additional pay zones found within the Bethany (Transition) formation will maximize ultimate recovery by lowering the economic limit of the combined zones.

4. Expansion of the correlative interval for the field will not cause waste because the interval includes only Bethany (Transition) sands which have similar reservoir and fluid properties.

5. The Bethany (Transition) Field should be designated as follows: For wells that find the Bethany (Travis Peak) Field sand present, the entire correlative

interval from 5,711 feet to 5,953 feet as shown on the DIL Comp Nuetron log of the Texaco Exploration & Production Inc. Crenshaw GU #2 Well No. 5-6, and for wells that do not find the Bethany (Travis Peak) Field sand present, the entire correlative interval from 5,764 feet to 6,106 feet as shown on the Array Induction log of the Texaco Exploration & Production Inc. Adams T.C. et ux NCT Well No. 47-L.

6. Allocation based on 95% deliverability and 5% per well is a reasonable allocation formula which satisfies statutory requirements. The field is currently 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. Consolidation of the proposed field interval and field rules as proposed by Chevron USA, Inc. is necessary to prevent waste and protect correlative rights.

EXAMINER'S RECOMMENDATION

Based on the above findings and conclusions, the examiner recommends that field rules be adopted for the Bethany (Transition) Field to designate a correlative interval and adopt a two factor allocation formula. It is recommended that the allocation formula for the field remain suspended.

Respectfully submitted,

Andres J. Trevino, P.E.
Technical Hearings Examiner