

THE APPLICATION OF SONERRA RESOURCES CORPORATION TO EXPAND THE CORRELATIVE INTERVAL FOR THE OAKRIDGE (TRAVIS PEAK) FIELD, NACOGDOCHES COUNTY, TEXAS

Heard by: Donna K. Chandler on June 28, 2007

Appearances:

Dale Miller

Representing:

Sonerra Resources Corporation

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Sonerra Resources Corporation requests that the following field rules be adopted for the Oakridge (Travis Peak) Field:

1. Designation of the field as the entire correlative interval from 9,382 feet to 11,626 feet as shown on the log of the Rising Sun Well No. 1;
2. Allocation based on 95% deliverability/potential and 5% per well.

Sonerra also requests that the gas field be classified as associated-prorated and that the allocation formula be suspended.

This application was unopposed and the examiner recommends adoption of the rules proposed by Sonerra Resources Corporation and suspension of the allocation formula.

DISCUSSION OF EVIDENCE

The Oakridge (Travis Peak) Field was discovered in October 2003 upon completion of the Ten Bears Well No. 1 at a depth of approximately 9,300 feet. This well was classified as an oil well. The second well completed in the field was the Ten Bears No. 2. This well was completed in October 2003 and was classified as a gas well. Both wells were marginal producers and were recompleted to other fields in 2005.

In March 2006, Sonerra completed its Rising Sun No. 1 as a gas well. This well has produced almost 100 MMCF of gas through April 2007. Sonerra completed the Dream Catcher No. 1 in March 2007 and the well is not yet on production.

The field interval as indicated on the new field discovery is from 9,292 feet to 9,352 feet in the Ten Bears No. 1. The two most recent wells in the field have encountered additional pay sands below the current designated interval for the field. Because the reserves contributed by the individual sands are expected to be marginal, it is uneconomic to separately complete the sands. Sonerra requests that the field be expanded to include the interval between 9,382 feet and 11,626 feet as shown on the log of the Rising Sun No. 1. Expansion of the field interval will allow operators to simultaneously complete wells in all productive Travis Peak sands within the interval.

The gas field was originally classified as associated -49(b) because there had been an oil well in the field. Sonerra requests that the field be classified as associated-prorated because there are no oil wells in the field now.

Because the designated interval includes more than one reservoir, a two factor allocation formula is necessary. Sonerra proposed 95% deliverability and 5% per well. Sonerra requests that this formula be suspended because there is a market for all gas produced from the field.

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.
1. The Oakridge (Travis Peak) Field was discovered in 2003. A total of four wells have been completed in the field, but two have been recompleted to other fields.
2. The interval identified in the new field discovery approval for the field is from 9,292 feet to 9,352 feet as shown on the log of the Ten Bears No. 1.
3. Expanding the field interval to include additional Travis Peak sands will result in the recovery of additional gas as a result of a lower combined economic limit for the various productive Travis Peak intervals.
4. Designation of the Oakridge (Travis Peak) Field to include the interval between 9,382 feet and 11,626 feet as shown on the log of the Rising Sun No. 1 will allow operators to produce all productive zones in a single completion, thereby encouraging development of this Travis Peak interval.
5. Allocation based on 95% deliverability/potential and 5% per well is a reasonable method of allocation which will meet statutory requirements for combining multiple reservoirs.
6. Regulation of the field under Rule 49(b) is not necessary to prevent waste because there are no oil wells in the field.

7. Suspension of the allocation formula is appropriate because there is a market for all gas produced from the field.

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. Adoption of the proposed field rules for the Oakridge (Travis Peak) Field is necessary to prevent waste, protect correlative rights and promote development of the field.
4. The subject field meets all the criteria established for suspension of the allocation formula under Statewide Rule 31(j).

RECOMMENDATION

Based on the above findings and conclusions of law, the examiner recommends that the Commission adopt the field rules proposed by Sonerra Resources Corporation for the Oakridge (Travis Peak) Field. It is also recommended that the allocation formula for the field be suspended.

Respectfully submitted,

Donna K. Chandler
Technical Examiner