

THE APPLICATION OF PETRO-HUNT, L.L.C. TO ADOPT FIELD RULES FOR THE QUITMAN, NW. (GLOYD) FIELD, WOOD COUNTY, TEXAS

Heard by: Andres J. Trevino, P.E., Technical Examiner

Hearing Date: October 27, 2009

Appearances:

Paul Tough
John McBeath

Representing:

Petro-Hunt, L.L.C.

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

The field rules (Statewide Rules) for the Quitman, NW. (Gloyd) Field are summarized as follows:

1. 467'-1,200' well spacing;
2. 40 acre oil units with 20 acre tolerance;
3. Allocation based on 100% per well.

Petro-Hunt, L.L.C. requests that field rules be adopted as follows :

1. Designation of the field as the correlative interval from 8,220 feet to 8,330 feet as shown on the log of the Sam White No. 1;
2. 330'-660' well spacing;
3. 40 acre units with optional 20 acre density;
4. Allocation based on 100% acreage.

Petro-Hunt originally requested well spacing of 330', 20 acre optional units and no designated interval. During the hearing, representatives for Petro-Hunt agreed to designate an interval for the field and 660' between well spacing. This application was unopposed and the examiner recommends that the field rules for the Quitman, NW. (Gloyd) Field be adopted as requested.

DISCUSSION OF EVIDENCE

The Quitman, NW. (Gloyd) Field was discovered in 1961 at a depth of approximately 8,285 feet. Cumulative production from the field is approximately 206,939 BO. Currently there is one shut-in oil well in the field. B.F. Phillips Jr. is only operator in the field, but Petro-Hunt has numerous wells in the area that penetrate the Gloyd formation.

The Quitman, NW. (Gloyd) Field is a marginally productive formation that exists in a faulted anticline over a large, low-relief salt pillow. Other productive and more prolific formations found in the area include the Paluxy, the Kirkland, the Rodessa the Eagleford and the Sub-Clarksville sands. The Gloyd is not a primary target for drilling and completing a new well. The Gloyd is considered a secondary "behind pipe" reserves as economics do not justify drilling a new well. Petro-Hunt will recompleat and/or reenter existing wells it operates into the Gloyd. Petro-Hunt requests 330'-660' well spacing for the Quitman, NW. (Gloyd) Field, similar to other Quitman fields, so that it can recompleat and/or reenter existing wells into the Gloyd without the need for Rule 37 exceptions to recover any existing oil reserves.

Petro-Hunt submitted a log to establish a designated interval for the field at the Commission's request. The interval from 8,220 feet to 8,330 feet as shown on the log of the Sam White No. 1 should be designated as the Quitman, NW. (Gloyd) Field. This interval includes the entire Gloyd formation. The interval lies between the bottom of the Paluxy Sand and the top of the Kirkland Sand.

Petro-Hunt provided drainage calculations for all wells completed in the Gloyd. The estimated drainage area for the wells varied between 4 acres and 96 acres. These calculations are based on an average porosity of 10%, water saturation of 30%, net pay thickness of 15 feet and a recovery factor of 20%. The ultimate recovery for the wells varied between 1,324 BO to 82,346 BO. An average well is estimated to produce 23,000 BO giving it a drainage area of 19 acres.

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. Field rules for the Quitman, NW. (Gloyd) Field provide for 467'-1,200' well spacing, 40 acre oil units and allocation based on 100% per well.

3. The Quitman, NW. (Gloyd) Field was discovered in 1961 and cumulative production from the field is approximately 206,939 BO.
4. The field has one shut-in oil well. B.F. Phillips Jr. is only operator in the field, but Petro-Hunt has numerous wells in the area that penetrate the Gloyd formation.
5. The Quitman, NW. (Gloyd) Field is a marginally productive formation that exists in a faulted anticline over a large, low-relief salt pillow.
6. The interval from 8,220 feet to 8,330 feet as shown on the log of the Sam White No. 1 should be designated as the Quitman, NW. (Gloyd) Field. This interval includes the entire Gloyd formation.
7. Development of the field on 40 acre units with optional 20 acre density is appropriate.
 - a. The estimated drainage area for the wells varied between 4 acres and 96 acres.
 - b. The ultimate recovery for the wells varied between 1,324 BO to 82,346 BO.
 - c. An average well is estimated to produce 23,000 BO giving it a drainage area of 19 acres.
8. The proposed 330'-660' well spacing will accommodate development on 20 acres, is similar well spacing as other Quitman fields in the area and will allow flexibility in recompleting and/or reentering existing wells into the Gloyd to recover any remaining oil reserves.

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. Adopting field rules for the Quitman, NW. (Gloyd) Field is necessary to prevent waste and protect correlative rights.

RECOMMENDATION

Based on the above findings and conclusions of law, the examiner recommends that field rules for the Quitman, NW. (Gloyd) Field be adopted to provide for 40 acre units with optional 20 acre density and 330'-660' well spacing.

Respectfully submitted,

Andres J. Trevino, P.E.
Technical Examiner