

OIL AND GAS DOCKET NO. 7B-0229236

**THE APPLICATION OF MCCLYMOND, INC. FOR FIELD RULES FOR THE FOUR J
(CONGL. 3650) FIELD, STEPHENS COUNTY, TEXAS**

Heard by: Margaret Allen, Technical Hearings Examiner

Procedural history

Application received: August 9, 2001

Hearing held: August 30, 2001

Appearances

Bill Spencer

Mike Locke

Representing

McClymond, Inc.

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

McClymond is seeking the following temporary field rules for the Four J (Congl. 3650) Field:

1. well spacing of 330-933 feet;
2. 80-acre oil proration units with a maximum diagonal of 3250 feet; and
3. allocation based on acreage.

McClymond requested temporary field rules but the Commission's Notice of Hearing indicated the application was for permanent field rules. The examiner agreed that the proposed rules should be reviewed in 18 months and recommended that a rule be added specifying the designated interval for the field. McClymond suggested the interval between 3680 and 3710 feet as shown on the log of its Tomlin "3396" Lease Well No. 1.

DISCUSSION OF THE EVIDENCE

The Four J (Congl. 3650) Field was discovered in 1981, at a depth of 3682 feet. There were six wells completed in this field between 1981 and 1983, but the total production from all six wells was only 9600 barrels and 123 MMCF of gas. Special field rules were never adopted for the Four J (Congl. 3650) Field and the top allowable is 44 BOPD.

McClymond completed its Tomlin "3396" Well No. 1 on May 29, 2001, about three miles west of the earlier field wells. This well was perforated from 3690 to 3694 feet and had an initial potential of 50 BOPD and 60 MCF/D. Well No. 1 produced 2000 BO between July 17 and July 28, 2001. The top

of the conglomerate in this well is at 3680 feet and the base of this conglomerate is at 3710 feet.

The net pay in Well No. 1 is 8 feet, the porosity is 8% and the water saturation is 30%. Assuming an abandonment rate of 60 BOPM and a recovery factor of 12%, the ultimate recovery of the Tomlin "3396" No. 1 will be 23,000 BO. Based on these parameters there are 27,800 barrels of recoverable oil underneath 80 acres in this field. McClymond believes that the decline rate will be hyperbolic, dropping at a rate of 67% initially, then declining more slowly.

The applicant believes that the previous wells in the Four J (Congl 3650) Field were subject to rapid water influx. It is requesting that lease line well spacing of 330 feet be adopted to allow future wells to be completed at the highest structural position above water.

FINDINGS OF FACT

1. On August 21, 2001, notice of this hearing was given to McClymond, the only operator in the Four J (Congl. 3650) Field. McClymond owns all the leases offsetting the only field well.
2. The Four J (Congl. 3650) Field was discovered in 1981, at a depth of 3682 feet, and the top allowable is 44 BOPD.
3. Six wells, now abandoned, were completed in this field between 1981 and 1983, but the total production from all six wells was only 9600 barrels and 123 MMCF of gas.
4. The McClymond Tomlin "3396" Well No. 1 was perforated from 3690 to 3694 feet, and on May 29, 2001, tested at a rate of 50 BOPD and 60 MCF/D.
5. Density of 80 acres per oil well is appropriate for temporary rules governing the subject field.
 - a. Volumetric calculations indicate that there are 27,800 barrels of recoverable oil underneath 80 acres.
 - b. None of the previous wells in the field, located about three miles east of the McClymond Tomlin "3396" Well No. 1, produced even half of the recoverable reserves from underneath 80 acres.
 - c. The McClymond Tomlin "3396" Well No. 1 produced 2000 BO between July 17 and July 28, 2001.
 - d. Assuming the McClymond Tomlin "3396" Well No. 1 declines hyperbolically, it will ultimately produced 23,000 BO.
7. The proposed temporary rules should be reviewed in 18 months as none of the 1980's vintage wells produced even half as much as the McClymond Tomlin "3396" Well No. 1 is predicted to.
8. Lease line spacing of 330 feet will facilitate locating wells at the highest structural position to avoid water influx.

9. The producing conglomerate extends from 3680 to 3710 feet as shown on the log of the only producing well in the field.
10. Allocation based on acreage will protect correlative rights.

CONCLUSIONS OF LAW

1. Proper notice was given as required by statute.
2. All things have been done or occurred to give the Railroad Commission jurisdiction to resolve this matter.
3. The requested temporary field rules will prevent waste, protect correlative rights and promote orderly development of the field.

EXAMINER'S RECOMMENDATION

Based on the above findings and conclusions, the examiner recommends that the requested temporary rules for the Four J (Congl. 3650) Field be approved, as per the attached order.

Respectfully submitted,

Margaret Allen
Technical Hearings Examiner

Date of Commission Action: September 20, 2001