

THE APPLICATION OF ULTRA OIL & GAS, INC. TO CONSIDER TEMPORARY FIELD RULES FOR THE DARE I (COOK) FIELD, CONCHO COUNTY, TEXAS

Heard by: Donna K. Chandler on October 20, 2000

Appearances:

Carroll Martin
Patrick Bowman

Representing:

Ultra Oil & Gas Oil & Gas

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Ultra Oil & Gas Inc. requests that temporary field rules be adopted for the Dare I (Cook) Field. The proposed rules are summarized as follows:

1. Designation of the field as the correlative interval from 1,502 feet to 1,532 feet as shown on the log of the Robert Pfluger No. C1;
2. 467' - 933' well spacing;
3. 40 acre oil units with 20 acre tolerance and a maximum diagonal of 2,100 feet;
4. Allocation based on 100% acreage.

This application was unopposed and the examiner recommends adoption of the temporary field rules proposed by Ultra Oil & Gas, subject to review in 18 months.

DISCUSSION OF EVIDENCE

The Dare I (Cook) Field was discovered in June 2000 upon completion of the R. Pfluger No. C1 by Ultra Oil & Gas. The well is perforated from 1,506 to 1,518 feet and tested 90 BOPD on initial test. Current production is 75-80 BOPD, with no gas or water. Ultra has a second well awaiting completion and plans to drill at least two additional wells in the field.

The reservoir has 24% average porosity and 36% average water saturation. Net pay in the C1 well is 23 feet. Recoverable oil beneath 40 acres is estimated to be 365,000 BO, assuming 35% recovery for this water drive reservoir. Ultra feels that wells in this field will recover this volume

of oil, given the strong water drive. The Letcher (Lower Cook Sand) is the nearest comparable field. Wells in the Letcher Field did not produce as well as wells in the Dare I (Cook) Field due to lower porosity and permeability in the Letcher Field.

The requested between-well spacing rule is slightly closer than normal for 40 acre density. Ultra needs the extra flexibility so that wells can be drilled at updip locations in the reservoir to avoid the oil-water contact.

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. The Dare I (Cook) Field was discovered in June 2000 upon completion of the R. Pfluger No. C1 by Ultra Oil & Gas.
3. The R. Pfluger No. C1 is perforated from 1,506 to 1,518 feet and tested 90 BOPD on initial test.
4. Wells in the Dare I (Cook) Field can be expected to drain 40 acres.
 - a. Recoverable oil beneath 40 acres is estimated to be 365,000 BO.
 - b. Current production is 75-80 BOPD, with no gas or water.
 - c. The reservoir has a strong water drive.
5. The requested spacing rule will provide flexibility in locating future wells at updip locations in the reservoir.
6. Allocation based on 100% acreage is a reasonable method of allocation which will protect the correlative rights of mineral owners in 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 Dare I (Cook) Field on a temporary basis is necessary to prevent waste, protect correlative rights and promote development of the field.

RECOMMENDATION

Based on the above findings and conclusions of law, the examiner recommends that the Commission adopt the field rules proposed by Ultra Oil & Gas for the Dare I (Cook) Field on a temporary basis, subject to review in 18 months.

Respectfully submitted,

Donna K. Chandler
Technical Examiner