

THE APPLICATION OF SONORAN ENERGY, INC. TO RESCIND THE FIELD RULES FOR THE K.W.B. (CANYON) AND K.W.B. (CANYON, UPPER) FIELDS, TOM GREEN COUNTY, TEXAS

Reviewed by: Donna K. Chandler on October 5, 2007

EXAMINER'S REPORT AND RECOMMENDATION

DISCUSSION

Sonoran Energy, Inc. requests that the field rules for the K.W.B. (Canyon) and K.W.B. (Canyon, Upper) Fields be rescinded. The rules for both fields were adopted on a temporary basis by Order No. 7C-79,771, effective July 18, 1983. A hearing to review the temporary rules was never held. The rules in effect for both fields are summarized as follows:

1. Well spacing a minimum of 467 feet from lease lines and 1,200 feet between wells;
2. 160 acre gas units with 10% tolerance;
3. Allocation based on 100% acreage.

Sonoran Energy, Inc. is the operator of both wells in the K.W.B. (Canyon, Upper) Field and 6 wells in the K.W.B. (Canyon) Field. There is one other well in the K.W.B. (Canyon) Field which is operated by Trek Resources, Inc. Trek Resources, Inc. submitted a letter indicating no objection to rescinding the field rules in the field.

Sonoran submitted evidence in support of rescinding the field rules such that the fields would operate under Statewide Rules. Cumulative production from the K.W.B. (Canyon) Field is 1.1 BCF of gas. The best well has produced 293 MMCF of gas and the two active wells in the field produce less than 50 MCFD each. In the temporary field rule hearing in this field, recoverable reserves beneath 160 acres were estimated to be 2.4 BCF of gas. None of the wells in the field will drain in excess of 40 acres. Cumulative production from the K.W.B. (Canyon, Upper) Field is 637 MMCF of gas. There has been no production from the field since 2003. In the temporary field rule hearing in this field, recoverable reserves beneath 160 acres were estimated to be 1.5 BCF of gas. No well in this field will drain in excess of 40 acres.

FINDINGS OF FACT

1. Notice of this application was not required because all operators in both the K.W.B. (Canyon) and K.W.B. (Canyon, Upper) Fields request that the rules in the fields be rescinded.
2. The rules for both fields were adopted on a temporary basis by Order No. 7C-79,771, effective July 18, 1983. A hearing to review the temporary rules was never held.
3. The rules in effect for both fields provide for well spacing a minimum of 467 feet from lease lines and 1,200 feet between wells; 160 acre gas units with 10% tolerance; and allocation based on 100% acreage.
4. Sonoran Energy, Inc. is the operator of both wells in the K.W.B. (Canyon, Upper) Field and six of the seven wells in the K.W.B. (Canyon) Field.
5. Wells completed in the K.W.B. (Canyon) Field will not drain 160 acres.
 - a. Cumulative production from the K.W.B. (Canyon) Field is 1.1 BCF of gas.
 - b. The best well has produced 293 MMCF of gas and the two active wells in the field produce less than 50 MCFD each.
 - c. Recoverable reserves beneath 160 acres were estimated to be 2.4 BCF of gas.
6. Wells completed in the K.W.B. (Canyon, Upper) Field will not drain 160 acres.
 - a. Cumulative production from the K.W.B. (Canyon, Upper) Field is 637 MMCF of gas.
 - b. There has been no production from the field since 2003.
 - c. Recoverable reserves beneath 160 acres were estimated to be 1.5 BCF of gas.

CONCLUSIONS OF LAW

1. Canceling the field rules for the K.W.B. (Canyon) and K.W.B. (Canyon, Upper) Fields will promote development of the field and will not cause waste or harm correlative rights.

RECOMMENDATION

Based on the above findings and conclusions of law, the examiner recommends that the field rules for the K.W.B. (Canyon) and K.W.B. (Canyon, Upper) Fields be canceled and that the fields operate under Statewide Rules.

Respectfully submitted,

Donna K. Chandler
Technical Examiner