

THE APPLICATION OF OXY USA INC. TO CONSIDER TEMPORARY FIELD RULES FOR THE MASH (DEVONIAN) FIELD, ECTOR COUNTY, TEXAS

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

Appearances:

Ray Langenberg
Richard Foppiano
Wade Waddell

Representing:

OXY USA Inc.

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

OXY USA Inc. requests that temporary field rules be adopted for the Mash (Devonian) Field. The proposed rules are summarized as follows:

1. Designation of the field as the correlative interval from 8,025 feet to 8,608 feet as shown on the log of the Hawkeye "C" No. 1;
2. 467' well spacing with no between well spacing requirement;
3. 80 acre oil units with 40 acre tolerance and a maximum diagonal of 3,250 feet;
4. Allocation based on 95% acreage and 5% W-10.

OXY also requests that any accumulated overproduction in this field be canceled and that its Hawkeye "A" No. 1 be transferred from the G & W (Devonian) Field to the Mash (Devonian) Field.

This application was unopposed and the examiner recommends adoption of the temporary field rules proposed by OXY, with the exception of the spacing rule. The examiner recommends adoption of a spacing rule providing for 467 feet from lease lines and 1,200 feet between wells. OXY did not consider this recommendation to be adverse.

The examiner also recommends cancellation of all overproduction in the field and that the Hawkeye "A" No. 1 be transferred as requested by OXY.

DISCUSSION OF EVIDENCE

The Mash (Devonian) Field was discovered in March 2000 based on the completion of the Hawkeye "C" No. 1 by OXY. The Radar No. 1 was completed in June 2000 and the Hot Lips No.

1 was completed in July 2000. OXY operates all wells in the field. The Hawkeye "A" No. 1 was completed in November 1999 and was placed in the G & W (Devonian) Field. This well is actually a part of the Mash (Devonian) Field and OXY requests that this well be transferred.

The Hawkeye "C" No. 1 produced 375 BOPD and 363 MCFD on initial test from perforations in the Upper Devonian (8,040-8,119 feet). This well continues to produce approximately 175 BOPD. The Radar No. 1 continues to produce 250 BOPD and the Hot Lips No. 1 was tested at 150 BOPD. The Hawkeye "A" No. 1 is a poorer producer at only 12-15 BOPD, 30 MCFD and 15 BWPD. This well is completed in both the Upper and Lower Devonian.

This reservoir is naturally fractured and volumetric calculations are not useful in determining drainage areas. The nearest comparable field is the G & W (Devonian) Field approximately 1 1/2 miles away. This field, discovered in 1958, has operated under 80 acre rules for many years.

OXY requests closer than normal spacing because there are many San Andres wells in this area which are drilled at 660 foot locations. Additional flexibility is needed to effectively develop the Devonian.

The designated interval for the field includes both the Upper and Lower Devonian. OXY feels that a two factor allocation formula is appropriate for the entire interval to be considered a single field. Allocation based on 95% acreage and 5% W-10 will satisfy statutory requirements.

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 Mash (Devonian) Field was discovered in March 2000 based on the completion of the Hawkeye "C" No. 1 by OXY. The Hawkeye "A" No. 1, completed in November 1999, was the first well actually completed in the field, but was placed in the G & W (Devonian) Field.
3. OXY operates all four wells currently completed in the field. Additional wells will be drilled.
4. Development of this field on 80 acre density is appropriate on a temporary basis.
 - a. This reservoir is naturally fractured and volumetric calculations are not useful in determining drainage areas.
 - b. The nearest comparable field has been developed under 80 acre rules.
5. Well spacing a minimum of 467 feet from lease lines and 1,200 feet between wells is necessary to provide flexibility in locating wells to avoid the numerous San Andres wellbores in the area.

6. Allocation based on believes that 95% acreage and 5% W-10 is a reasonable formula which will protect correlative rights of mineral owners and satisfy statutory requirements.

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 Mash (Devonian) Field on a temporary basis is necessary to prevent waste, protect correlative rights and promote development of the field.
4. Cancellation of overproduction will not harm correlative rights in the field.

RECOMMENDATION

Based on the above findings and conclusions of law, the examiner recommends that the Commission adopt the field rules proposed by OXY USA for the Mash (Devonian) Field) Field on a temporary basis, subject to review in 18 months. It is also recommended that the Hawkeye "A" No. 1 be transferred from the G & W (Devonian) Field to the Mash (Devonian) Field and that all overproduction in the field be canceled.

Respectfully submitted,

Donna K. Chandler
Technical Examiner