OIL AND GAS DOCKET NO. 08-0226590

THE APPLICATION OF POGO PRODUCING CO. FOR TEMPORARY FIELD RULES AND TO CHANGE THE FIELD NAME FROM THE QUE SUERTA (WADDELL) FIELD TO THE QUE SUERTA (SIMPSON) FIELD, WINKLER COUNTY, TEXAS

Heard by: Donna K. Chandler on December 1, 2000

Appearances:	**Representing:**
Flip Whitworth	Pogo Producing Co.
Ron Gasser	

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Pogo Producing Co. requests that the name of the Que Suerta (Waddell) Field be changed to the Que Suerta (Simpson) Field. Pogo further requests that temporary field rules be adopted for the Que Suerta (Simpson) Field. The proposed rules are summarized as follows:

1. Designation of the field as the correlative interval from 11,060 feet to 11,486 feet as shown on the log of the Maxwell "18" Well No. 1;

2. 660' - 1,320' well spacing;

3. 320 acre gas units plus 10% tolerance with a maximum diagonal of 6,500 feet; optional 160 acre units with a maximum diagonal of 4,500 feet;

4. Allocation based on 95% acreage and 5% deliverability.

This application was unprotested and the examiner recommends adoption of the temporary field rules proposed by Pogo Producing Co., subject to review in 18 months.

DISCUSSION OF EVIDENCE

The Que Suerta (Waddell) Field was discovered in June 1999 upon completion of the Maxwell "18" No. 1 by Pogo Producing Co. The well was initially perforated in the Waddell at 11,452-11,457 feet. Through September 2000, the well has produced 375,000 MCF of gas and 13,500 BC. In November 2000, Pogo set a cast iron bridge plug in the well and perforated the well in the McKee at 11,146-11,156 feet. Pogo now wishes to produce both intervals as a single completion. Because both the McKee and the Waddell are members of the Simpson Formation,

Pogo believes it is appropriate to rename the field the Que Suerta (Simpson) Field.

Average porosity of this Simpson reservoir is 12% and average water saturation is 22.5%. Net pay is 10.5 feet. Recoverable reserves beneath 320 acres are 3,498 MMCF of gas. Pogo estimates that commingled production will initially be 1,300 MCFD and ultimate recovery from the Simpson will be over 3,500 MMCF of gas.

Pogo has plans for additional development in the reservoir and believes that optional 160 acre density is appropriate. Other similar reservoirs in the area have demonstrated significant variance in ultimate recoveries due to poorer porosity and permeability. There are several other McKee and Waddell fields in the area; many are drilled to 40 and 80 acre density.

The Waddell and McKee have similar rock and fluid properties and commingling will therefore not harm either reservoir. Commingling the two zones will increase ultimate recovery from both intervals by decreasing the economic limit, compared to separate completions. Because the two intervals are separate accumulations, two factors are necessary in the allocation formula. Pogo requests 95% acreage and 5% deliverability.

Pogo requests a spacing rule of 660 feet from lease lines and 1,320 feet between wells. The spacing is closer than the standard spacing for 160 acres. Pogo requests this additional flexibility to develop the field and comply with surface owner 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 Que Suerta (Waddell) Field was discovered in June 1999 upon completion of the Maxwell “18" No. 1 with perforations in the Waddell at 11,452-11,457 feet.

3. The Maxwell “18" No. 1 is currently perforated in the McKee at 11,146-11,156 feet.

4. Both the McKee and the Waddell are members of the Simpson Formation. Designation of the two intervals as a single field will increase ultimate recovery from both intervals.

5. The Maxwell “18" No. 1 will drain at least 320 acres.

    a. Recoverable reserves beneath 320 acres are 3,498 MMCF of gas.

    b. Estimated ultimate recovery from the commingled production is over 3,500 MMCF of gas.

6. It is likely that future wells completed in the field will drain less than 320 acres due to varying reservoir quality within other Waddell and McKee fields.

7. The Waddell and McKee have similar rock and fluid properties and commingling will therefore not harm either reservoir.

8. The requested spacing rule will provide flexibility in locating future wells in this reservoir.

9. Allocation based on 95% acreage and 5% deliverability 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. Changing the field name and adoption of the proposed field rules for the Que Suerta (Simpson) 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 field name for the Que Suerta (Waddell) Field be changed to Que Suerta (Simpson) Field and that the field rules proposed by Pogo Producing for the Que Suerta (Simpson) Field be adopted on a temporary basis, subject to review in 18 months.

Respectfully submitted,

Donna K. Chandler
Technical Examiner