

THE APPLICATION OF APACHE CORPORATION TO CONSIDER ADOPTION OF TEMPORARY FIELD RULES FOR THE SAND HILLS (WICHITA ALBANY, S.) FIELD, CRANE COUNTY, TEXAS

Heard by: Donna K. Chandler on January 4, 2007

Appearances:

James Clark

Representing:

Apache Corporation

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Apache Corporation requests that temporary field rules be adopted for the Sand Hills (Wichita Albany, S.) Field. The proposed rules are summarized as follows:

1. Designation of the field as the correlative interval from 4,700 feet to 5,765 feet as shown on the log of the J. B. Tubb A/C 1 Lease No. 313;
2. 330' - 660' well spacing;
3. 160 acre oil units with 40 acre tolerance and a maximum diagonal of 4,500 feet;
4. Allocation based on 100% acreage.

Apache also requests that all accumulated overproduction in the field be cancelled.

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

DISCUSSION OF EVIDENCE

The Sand Hills (Wichita Albany, S.) Field was discovered in 1996 at a depth of approximately 5,700 feet. The discovery well for the field is the J. B. Tubb "I" Well No. 1. This well produced about 40,000 BO and was reclassified as a gas well. It currently produces 30-40 MCFD. The field operates under Statewide Rules.

In February 2006, Apache completed its J. B. Tubb A/C 1 Well No. 313 as an oil well in the field. On initial test, the well flowed at a rate of 533 BOPD, 965 MCFD and 0 BWPD.

To date, the well has produced about 90,000 BO.

The reservoir has 14% average porosity, 24% average water saturation and 32 feet of net pay. With an estimated ultimate recovery of 297,000 BO, the calculated drainage area for the well is 150 acres.

Apache requests 330'-660' well spacing in conjunction with the 160 acre density. This spacing is common to several other producing horizons in this immediate area, including the Ellenburger which underlies the Wichita Albany and the Clearfork which overlies the Wichita Albany. Consistent spacing in the fields will provide flexibility necessary for recompletions to other horizons without the necessity for a Rule 37 exception. Additionally, the Wichita Albany consists of lenticular pods and closer spacing will provide flexibility in locating wells to develop this formation.

Apache requests that the field be designated as the correlative interval from 4,700 feet to 5,765 feet as shown on the log of the J. B. Tubb A/C 1 Well No. 313. This is the same correlative interval that was approved on Form P-7 for the discovery well.

The J. B. Tubb A/C No. 313 is overproduced approximately 57,000 BO. The current top allowable in the field is only 102 BOPD. Under the proposed rules, the top allowable will be 310 BOPD. The well now produces about 190 BOPD. Cancellation of the overproduction for the well will not cause waste or harm correlative rights.

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 Sand Hills (Wichita Albany, S.) Field was discovered in 1996. The field is an associated field with one gas well and one oil well and operates under Statewide Rules.
3. Field rules providing for 160 acre density are appropriate for this field on a temporary basis.
 - a. The J. B. Tubb A/C 1 No. 313 has produced over 90,000 BO in less than a year.
 - b. The estimated ultimate recovery for the J. B. Tubb A/C 1 No. 313 is 297,000 BO.
 - c. The calculated drainage area for the J. B. Tubb A/C 1 NO. 313 is 150 acres.
4. Well spacing a minimum of 330 feet from lease lines and 660 feet between wells is necessary to provide flexibility for recompletions to other horizons which have the same spacing rule.

5. The Sand Hills (Wichita Albany, S.) Field should be designated as the correlative interval from 4,700 feet to 5,765 feet as shown on the log of the J. B. Tubb A/C 1 Well No. 313.
6. Allocation based on 100% acreage is a reasonable method of allocation which will protect the correlative rights of mineral owners in the field.
7. The J. B. Tubb A/C 1 Well No. 313 is overproduced approximately 57,000 BO under the current allowable of 102 BOPD.

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 Sand Hills (Wichita Albany, S.) 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 cause waste or harm correlative rights.

RECOMMENDATION

Based on the above findings and conclusions of law, the examiner recommends that the Commission adopt the field rules proposed by Apache Corporation for the Sand Hills (Wichita Albany, S.) Field on a temporary basis, subject to review in 18 months.

Respectfully submitted,

Donna K. Chandler
Technical Examiner