

November 28, 2007

**OIL AND GAS DOCKET NO. 08-0253879**

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**APPLICATION OF SHERIDAN PRODUCTION COMPANY TO CONSIDER  
TEMPORARY FIELD RULES FOR THE MI VIDA (DELAWARE 4400) FIELD, REEVES  
COUNTY, TEXAS**

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**HEARD BY:** Thomas H. Richter, P.E.

**DATE OF HEARING:** November 19, 2007

**APPEARANCES:**

Don Rhodes

Rod Steward

**REPRESENTING:**

Sheridan Production Company

**EXAMINER'S REPORT AND RECOMMENDATION**  
**STATEMENT OF THE CASE**

This is the unprotested application of Sheridan Production Company for the Commission to adopt temporary field rules for the Mi Vida (Delaware 4400) Field that provide for:

1. The entire correlative interval from 4,379' to 4,455' subsurface depth as shown on the Platform Express Azimuth Laterolog Micro CFL of the Titan Resources I, Inc., H.H. Johnson Lease Well No. 4, (API No. 42-389-32174), Reeves County, Texas should be recognized and designated as the Mi Vida (Delaware 4400) Field.
2. Minimum well spacing of 330'/660' (lease line/between well);
3. 40 acre proration units with 20 acre tolerance and maximum diagonal of 2,100' and optional 20 acre density and a maximum diagonal of 1500'; and
4. An allocation formula based on 100% acreage pursuant to the 1965 yardstick.

The notice for hearing proposed minimum well spacing for 40 acre units to be 467'/1200' and an acreage tolerance of 10%. Different minimum well spacings for 40 acre and 20 acre density is inappropriate and unnecessary. The proposed acreage tolerance of 10% is inappropriate for oil well proration unit requirements. Pursuant to Statewide Rule 38, the tolerance acreage for oil field classified wells shall be one half the base unit acreage. Sheridan Production determined that these examiner recommended changes would not be considered adverse. The examiner recommends approval of the application.

**DISCUSSION OF THE EVIDENCE**

The Mi Vida (Delaware 4400) Field was discovered in 2000 at 4,431' subsurface depth. The field is governed by Statewide Rules and the top allowable for a well is 93 BOPD. There are two operators in the field and 11 wells (9 operated by Sheridan).

It is proposed that the entire correlative interval from 4,379' to 4,455' subsurface depth as shown on the Platform Express Azimuth Laterolog Micro CFL of the Titan Resources I, Inc., H.H. Johnson Lease Well No. 4, (API No. 42-389-32174), Reeves County, Texas should be recognized and designated as the Mi Vida (Delaware 4400) Field.

Proration unit density of 40 acres and optional 20 acre density is necessary to provide for the efficient and effective depletion of the reservoir. Basic reservoir parameters are: average porosity is 13%, average water saturation is 45%, and the average net pay is 20 feet. Volumetric analysis calculates recoverable oil-in-place to be 62.1 STB/acre-ft (1,242 BO/Ac.) based on a 15% recovery factor as the reservoir energy is the result of solution gas expansion. Cumulative production of the field is 79,300 BO. The estimated ultimate recovery for a well in the field is 24,500 BO. The calculated drainage area is 19.7 acres.

The proposed minimum well spacing, 330'/660' (leaseline/between well), will provide flexibility in locating wells in the subject field and is the minimum well spacing that is associated with 20 acre proration unit density. The proposed minimum well spacing and 20 acre density is similar to other Delaware fields in the area.

An allocation formula based on 100% acreage will provide for the protection of correlative rights pursuant to State Statutes.

**FINDINGS OF FACT**

1. Notice of this hearing was sent to all operators in the subject field at least ten (10) days prior to the subject hearing.
2. There was no protest at the call of the hearing.
3. The Mi Vida (Delaware 4400) Field was discovered in 2000 at 4,431' subsurface depth. The field is governed by Statewide Rules and the top allowable for a well is 93 BOPD.
4. The entire correlative interval from 4,379' to 4,455' subsurface depth as shown on the Platform Express Azimuth Laterolog Micro CFL of the Titan Resources I, Inc., H.H. Johnson Lease Well No. 4, (API No. 42-389-32174), Reeves County, Texas should be recognized and designated as the Mi Vida (Delaware 4400) Field.

5. Proration unit density of 40 acres and optional 20 acre density is necessary to provide for the efficient and effective depletion of the reservoir.
  - a. Volumetric analysis calculates recoverable oil-in-place to be 62.1 STB/acre-ft (1,242 BO/Ac.) based on a 15% recovery factor as the reservoir energy is the result of solution gas expansion.
  - b. The estimated ultimate recovery for a well in the field is 24,500 BO.
  - c. The calculated drainage area is 19.7 acres.
6. The proposed minimum well spacing, 330'/660' (leaseline/between well), will provide flexibility in locating wells in the subject field and is the minimum well spacing that is associated with 20 acre proration unit density.
7. An allocation formula based on 100% acreage will provide for the protection of correlative rights pursuant to State Statutes.

**CONCLUSIONS OF LAW**

1. Proper notice was given to all parties as set out in the provisions of all applicable codes and regulatory statutes.
2. All things have occurred and been accomplished to give the Commission jurisdiction in this matter.
3. Consideration of temporary field rules is a matter within the Commission jurisdiction.
4. Adoption of the proposed temporary field rules will prevent waste, foster conservation and protect correlative rights.

**EXAMINER'S RECOMMENDATION**

Based on the above findings and conclusions of law, the examiner recommends approval of the proposed temporary field rules for the Mi Vida (Delaware 4400) Field for a period of 18 months subject to Commission review as stated in the attached order.

Respectfully submitted,

Thomas H. Richter, P.E.  
Technical Examiner  
Office of General Counsel