

THE APPLICATION OF RIM OPERATING, INC. TO AMEND THE FIELD RULES FOR THE PENWELL (GLORIETA) FIELD, ECTOR COUNTY, TEXAS

Heard by: Donna K. Chandler on August 17, 2009

Appearances:

Dale Miller

Representing:

Rim Operating, Inc.

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Field rules for the Penwell (Glorieta) Field were adopted on June 28, 1954 in Order No. 8-29,777. The rules in effect for the field are summarized as follows:

1. 330'-933' well spacing;
2. 40 acre oil units;
3. Allocation based on 75% acreage and 25% per well.

Rim Operating, Inc. requests that the field rules be amended as follows:

1. Designation of the field as the correlative interval from 4,510 feet-4,704 feet as shown on the log of the Connell Estate C Well No. 4;
2. 330'-660' well spacing;
3. 40 acre units with optional 20 acre units;
4. Allocation based on 100% acreage.

This application was unopposed and the examiner recommends that the field rules for the Penwell (Glorieta) Field be amended as proposed by Rim Operating, Inc.

DISCUSSION OF THE EVIDENCE

The Penwell (Glorieta) Field was discovered in 1953 and over 60 oil wells have been completed in the field. There are currently only 8 active wells in the field. Cumulative production from the field is approximately 4 million BO and 2.7 BCF of gas.

Average porosity of the reservoir is 8% and average water saturation is 40%. Average net pay is 58 feet. Recoverable reserves beneath 40 acres are estimated to be 94,600 BO and recoverable reserves beneath 20 acres are estimated to be 47,300 BO. Estimated ultimate recoveries for 12 wells in the field range from less than 5,000 BO to over 100,000 BO. The calculated drainage areas for these wells range from less than 10 acres to almost 80 acres. Most of the calculated drainage areas are less than 40 acres. On this basis, Rim requests that an optional 20 acre density rule be adopted for the field.

Rim requests that the Penwell (Glorieta) Field be designated as the correlative interval from 4,510 feet to 4,704 feet as shown on the log of the Connell Estate C No. 1. This interval includes the productive Glorieta reservoir. The reservoir does not appear to be composed of separate accumulations and therefore allocation based on 100% acreage is appropriate.

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 Penwell (Glorieta) Field was discovered in 1953. Cumulative production from 60+ completions in the field is approximately 4 million BO and 2.7 BCF of gas. There are currently only eight active producers in the field.
3. Field rules for the Penwell (Glorieta) Field provide for 330'-933' well spacing, 40 acre density and allocation based on 75% acreage and 25% per well.
4. The Penwell (Glorieta) Field should be defined as the correlative interval from 4,510 feet to 4,704 feet as shown on the log of the Connell Estate C Well No. 4. This interval includes the entire productive Glorieta reservoir.
5. A density rule providing for optional 20 acre density is appropriate for the Penwell (Glorieta) Field.
 - a. Recoverable reserves beneath 40 acres are estimated to be 94,600 BO and recoverable reserves beneath 20 acres are estimated to be 47,300 BO.

- b. Estimated ultimate recoveries for 12 wells in the field range from less than 5,000 BO to over 100,000 BO.
 - c. Drainage calculations for 12 wells in the field range from less than 10 acres to almost 80 acres.
- 6. The requested 330'-660' well spacing rule is consistent with 20 acre optional density.
 - 7. Allocation based on 100% acreage is appropriate because the designated interval for the field is not composed of separate lenticular accumulations of hydrocarbons.

CONCLUSIONS OF LAW

- 1. Proper notice of this hearing was given to all persons legally entitled to notice.
- 2. All things have occurred or been accomplished to give the Railroad Commission jurisdiction in this matter.
- 3. Amending the field rules for the Penwell (Glorieta) Field is necessary to prevent waste and protect correlative rights.

EXAMINER'S RECOMMENDATION

Based on the above findings and conclusions, the examiner recommends that the field rules for the Penwell (Glorieta) Field be amended as proposed by Rim Operating, Inc.

Respectfully submitted,

Donna K. Chandler
Technical Examiner