

THE APPLICATION OF BREITBURN OPERATING L.P. TO ADOPT FIELD RULES FOR THE LAZY -JL- (SPRABERRY, LO.) FIELD, GARZA COUNTY, TEXAS

Heard by: Andres J. Trevino, P.E., Technical Examiner

Hearing Date: October 22, 2008

Appearances:

Representing:

Cary P. Holtzendorf
Mandi Moncrief
Richard Haynie

Breitburn Operating L.P.

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Field rules (Statewide Rules) for the Lazy -JL- (Spraberry, Lo.) Field are summarized as follows:

1. 467'-1,200' well spacing;
2. 40 acre oil units with 20 acre tolerance;

Breitburn Operating L.P. requests that field rules be adopted as follows :

1. 330'-660' well spacing;
2. 20 acre oil units, maximum diagonal of 1,500', 10 acre tolerance.

Breitburn also requests the entity for density authority for the Macy Lott Spraberry Unit be reduced from 40 acres to 20 acres. This application was unopposed and the examiner recommends that the field rules for the Lazy -JL- (Spraberry, Lo.) Field be adopted as requested.

DISCUSSION OF EVIDENCE

The Lazy -JL- (Spraberry, Lo.) Field was discovered in 1967 at a depth of approximately 5,868 feet. Cumulative production from the field is approximately 1,674,920 BO. As of October 2008, there are 31 active oil wells in the field which in total produce

about 268 BOPD. Breitburn Operating L.P. is the only operator in the field.

Breitburn provided drainage radius calculations demonstrating the need for smaller drilling units. Breitburn provided drainage calculations for all wells in the field. The estimated drainage area for each well ranged from 2 to 48 acres. These calculations are based on a porosity of 16.3%, water saturation of 46%, net pay thickness of 60 feet and a recovery factor of 10.2%. The estimated ultimate recovery for all wells in the field range from 3 MBO to 207 MBO.

Production data further supports that 20 acre density is appropriate. Ten year production plots for wells MLSU No. 2010, 173 and 191 indicate no production interference has occurred as adjacent wells began producing. Had the wells been capable of draining 40 acres, a production drop off would have been expected. The plots showed no production drop off or interference.

Numerous other Spraberry fields in the area have similar 20 acre density and 330'/660' spacing as the proposed Lazy -JL- (Spraberry, Lo.) Field rules and have shown positive results that "new" reserves are being produced.

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. Field (Statewide) rules for the Lazy -JL- (Spraberry, Lo.) Field provide for 467'-1,200' well spacing, 40 acre oil units.
3. The Lazy -JL- (Spraberry, Lo.) Field was discovered in 1967 and cumulative production from the field is approximately 1,674,920 BO.
4. Breitburn Operating L.P. is the only operator in the field.
5. A density rule providing for 20 acre units is appropriate for the field.
 - a. The average calculated drainage area for all wells in the Lazy -JL- (Spraberry, Lo.) Field is about 14.2 acres based on an average 60 feet of net pay, 16.3% average porosity and an average EUR of 54 MBO.
 - b. The calculated drainage area for the MLSU No. 211, is about 17 acres based on 57 feet of net pay, 17.5% porosity and an EUR of 69 MBO.
 - c. The calculated drainage area for the MLSU No. 172, is about 11.9 acres based on 64 feet of net pay, 18% porosity and an EUR of 58 MBO.

- d. The calculated drainage area for the MLSU No. 192, is about 19.5 acres based on 52 feet of net pay, 15% porosity and an EUR of 26 MBO.
 - e. Production data from wells MLSU No. 2010, 173 and 191 indicates interference is not occurring within a 40 acre spacing as adjacent wells are produced.
- 7. The proposed 330'-660' well spacing will accommodate development on 20 acres.
 - 8. Numerous other Spraberry fields in the area have similar 20 acre density.
 - 9. The Macy Lott Spraberry Unit in the Lazy -JL- (Spraberry, Lo.) Field has Entity of Density authority of 40 acres per Oil and Gas Docket No. 8A-0222263 effective October 5, 1999.

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. Adopting field rules for the Lazy -JL- (Spraberry, Lo.) Field is necessary to prevent waste and protect correlative rights.

RECOMMENDATION

Based on the above findings and conclusions of law, the examiner recommends that field rules for the Lazy -JL- (Spraberry, Lo.) Field be adopted to provide for 20 acre unit density and 330'-660' well spacing.

Respectfully submitted,

Andres J. Trevino, P.E.
Technical Examiner