

OIL AND GAS DOCKET NO. 8A-0256753

THE APPLICATION OF TOMMY SWANSON OIL COMPANY, INC. TO RESCIND AND ADOPT FIELD RULES FOR THE ILLUSION LAKE (SAN ANDRES) FIELD, LAMB COUNTY, TEXAS

Heard by: Richard D. Atkins, P.E.

Date of Hearing: May 20, 2008

Appearances:

Representing:

George C. Neale
Cary McGregor, P.E.

Tommy Swanson Oil Company, Inc.

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Field rules for the Illusion Lake (San Andres) Field were adopted on July 23, 1957 in Docket No. 8-36,001. The rules are summarized as follows:

1. 440'-1,200' well spacing;
2. Surface Casing Requirement;
3. 40 acre oil units with a maximum diagonal of 2,100 feet and 20 acre tolerance;
4. 75% acreage and 25% per well allocation.

Tommy Swanson Oil Company, Inc. requests that the Field Rules be rescinded and new Field Rules be adopted to provide for a correlative interval, 330'-600' well spacing, 40 acre oil units with a maximum diagonal of 2,100 feet and 10 acre tolerance and an allocation formula based on 100% acreage.

This application was unopposed and the examiner recommends that the Field Rules be rescinded and new Field Rules adopted for the Illusion Lake (San Andres) Field as proposed by Swanson.

DISCUSSION OF EVIDENCE

The Illusion Lake (San Andres) Field was discovered in February 1957. The top

allowable in the field is 93 BOPD and 186 MCFGPD. The field was developed with 23 producing oil wells on 40 acre spacing by January 1965. There are currently only 2 active oil wells, 2 active injection wells and 12 inactive wells carried on the proration schedule. Cumulative production through February 2008 from the field is 1,127 MBO and 108.8 MMCFG.

Swanson recommends that the correlative interval from 4,070 feet to 4,170 feet as shown on the log of the Tommy Swanson Oil Company, Inc. - Young Lease Well No. 14, (API No. 42-279-30390), be designated as a single reservoir for proration purposes and be designated as the Illusion Lake (San Andres) Field.

The top of the San Andres porosity is found at an average depth of 4,100 feet and typical completions are selected perms and small frac jobs. The San Andres formation is composed of a section of fractured and vuggy dolomite with a fairly uniform matrix porosity. Increasing water cuts and no solution gas production indicate a limited water drive as the primary drive mechanism for the reservoir.

Swanson drilled an infill replacement well, the Young Lease Well No. 14. This well has averaged 25 BOPD and 100 BWPD since it was completed in April 2008. Decline curve analysis shows a preliminary recovery of at least an additional 10,000 BO. Based on this performance, Swanson has permitted three additional infill wells.

Swanson requests 330'-600' well spacing to allow future infill development without the need to obtain Rule 37 exceptions. Swanson also requests that the allocation formula be based on 100% acreage.

FINDINGS OF FACT

1. Notice of this hearing was given to all persons entitled to notice and no protests were received.
2. The Illusion Lake (San Andres) Field was discovered in February 1957 at an average depth of 4,100 feet. Cumulative production through February 2008 from the field is 1,127 MBO and 108.8 MMCFG.
3. Field rules for the Illusion Lake (San Andres) Field were adopted on July 23, 1957 in Docket No. 8-36,001. The rules provide for 440'-1,200' well spacing, 40 acre oil units with a maximum diagonal of 2,100 feet and 20 acre tolerance and 75% acreage and 25% per well allocation.
4. Swanson requests that the Field Rules be rescinded and new Field Rules be adopted to provide for a correlative interval, 330'-600' well spacing, 40 acre oil units with a maximum diagonal of 2,100 feet and 10 acre tolerance and an allocation formula based on 100% acreage.

5. Swanson recommends that the correlative interval from 4,070 feet to 4,170 feet as shown on the log of the Tommy Swanson Oil Company, Inc. - Young Lease Well No. 14, (API No. 42-279-30390), be designated as a single reservoir for proration purposes and be designated as the Illusion Lake (San Andres) Field.
6. There are currently only 2 active oil wells, 2 active injection wells and 12 inactive wells carried on the proration schedule.
7. The top of the San Andres porosity is found at an average depth of 4,100 feet and is composed of a section of fractured and vuggy dolomite with a fairly uniform matrix porosity.
8. Increasing water cuts and no solution gas production indicate a limited water drive as the primary drive mechanism for the reservoir.
9. Swanson drilled an infill replacement well that has averaged 25 BOPD and 100 BWPD since it was completed in April 2008. Decline curve analysis shows a preliminary recovery of at least an additional 10,000 BO.
10. This infill well performance clearly demonstrates the viability of bypassed oil and the 330'-600' well spacing will allow future infill development without the need to obtain Rule 37 exceptions.

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. Rescinding and adopting Field Rules for the Illusion Lake (San Andres) Field as proposed by Tommy Swanson Oil Company, Inc. 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 Rules be rescinded and new Field Rules adopted for the Illusion Lake (San Andres) Field as proposed by Tommy Swanson Oil Company, Inc.

Respectfully submitted,

Richard D. Atkins, P.E.
Technical Examiner