**OIL AND GAS DOCKET NO. 8A-0274550**

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**THE APPLICATION OF WILBANKS RESERVES CORPORATION TO AMEND FIELD RULES FOR THE ODC (SAN ANDRES) FIELD AND ADOPT AN ENTITY FOR DENSITY FOR THE ODC SAND ANDRES UNIT, GAINES COUNTY, TEXAS**

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**HEARD BY:** Andres J. Trevino P.E., Technical Examiner
Michael Crnich- Legal Examiner

**Hearing Date:** March 23, 2012

| **Appearances:** | **Representing:** |
|---|---|
| Brian R. Sullivan P.E. | Wilbanks Reserves Corporation |
| Frank J. Marek | |

## EXAMINER'S REPORT AND RECOMMENDATION

## STATEMENT OF THE CASE

This is the unprotested application of Wilbanks Reserves Corporation (Wilbanks) to amend the field rules as adopted in Oil and Gas Docket No. 8-37,146, issued effective January 13, 1958, for the ODC (San Andres) Field that currently provide for the following:

1. 467'-1,200' well spacing;

2. 40 acre oil units with 20 acre tolerance;

3. Allocation based on 75% acreage, 25% per well.

Wilbanks Reserves Corporation requests that field rules be adopted as follows:

1. Designation of the field as the correlative interval from 5,158 feet to 6,750 feet as shown on the log of the Standolind O&G Oil Dev F1 ODC No. 1;
2. 330'-0' well spacing;

3. 40 acre density, optional 20 acre units;

4. MER allowable of 102 BOPD per well, allocation based on 75% acreage, 25% per well (no change).

Wilbanks further requests an entity for density be approved for the ODC San Andres Unit it operates. This application was unprotested and the examiners recommend that the

field rules for the ODC (San Andres) Field be amended as requested and the entity for density for the ODC San Andres Unit be approved.

## DISCUSSION OF EVIDENCE

The ODC (San Andres) Field was discovered in 1957 at a depth of approximately 5,450 feet. Cumulative production from the field is approximately 5,374,443 BO. Currently there are 21 active oil wells and 20 water injection wells in the field. There are no other operators in the field.

The ODC (San Andres) Field is a waterflooded oil field producing from the San Andres formation. The San Andres formation contains lenticular, discontinuous porosity and pay intervals of dolomite, anhydrite and siltstones that vary from well to well. Wilbanks operates the ODC San Andres Unit which contains 1,304 acres, 21 producing oil wells and 20 injection wells. The ODC San Andres Unit currently covers the entire productive field. The ODC San Andres Unit was formed and waterflooded beginning in 1969. Studies conducted of other West Texas carbonates including San Andres fields in the area indicate additional oil reserves will be recovered as infill drilling will connect numerous isolate pay zones. The studies beginning in 1983 show as drilling density increased, the percentage of pay continuity increased. Studies of analogous Wasson (San Andres) waterflood units in Gains and Yoakum Counties show that increased drilling will increase the ultimate recovery from the ODC (Sand Andres) Field. The Wasson ODC, Willard, Cornell, Mahoney, Denver, Bennett Ranch, and Roberts Units were studied and compared to the ODC San Andres Unit. The ODC San Andres Unit has similar depth, porosity, permeability, bottomhole pressures and OOIP/ac-ft as the Wasson waterflood units studied. The Wasson waterflood units with infill drilling had an average well density of 17.7 acres per well while the Wilbanks ODC San Andres Unit currently has a well density of 27.3 acres per well. The current percentage of original oil in place (OOIP) recovered from the Wasson waterflood units averages 47.3% while the Wilbanks ODC San Andres Unit has recovered 17.9% OOIP. A graph plotting current oil recovery vs well spacing indicates recovery rates for the Wilbanks ODC San Andres Unit could rise from the current 17.9% to 25% to 35% should Wilbanks infill drill to a 20 acre density. Wilbanks estimates it will recover an additional 2.0 to 5.0 MMBO by infill drilling the ODC San Andres Unit to a 20 acre density.

Wilbanks wishes to recover additional oil by drilling infill wells throughout the Unit. Wilbanks believes the undrained oil will be produced from similar lenticular, discontinuous porosity lenses that exist within the thick San Andres interval and were observed in the Wasson San Andres field studies. Individual productive zones do not correlate from well to well. Wilbanks does not believe the existing wells are draining 40 acres.

Wilbanks submitted a log to establish a designated interval for the field. The interval from 5,158 feet to 6,750 feet as shown on the log of the Standolind O&G Oil Dev F1 ODC No. 1 should be designated as the ODC (San Andres) Field. This interval includes the entire San Andres formation including the transition zone and the zone below the oil water

contact.

Wilbanks requests an optional 20 acre density and 330'-0' well spacing for the ODC (San Andres) Field and an entity-for density for the ODC San Andres Unit it operates so that it can place wells in optimum locations between existing producing and injection wells to efficiently produce the remaining hydrocarbons.

## 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. Special field rules for the ODC (San Andres) Field were adopted in Oil and Gas Docket No. 8-37,146, issued effective January 13, 1958, and provide for 467'-1,200' well spacing, 40 acre oil units and allocation based on 75% acreage, 25% per well.

3. The ODC (San Andres) Field was discovered in 1957 and cumulative production from the field is approximately 5,374,443 BO as of March, 2012.

4. Wilbanks operates the ODC San Andres Unit which contains 1,304 acres, 21 producing oil wells and 20 injection wells. The ODC San Andres Unit currently covers the entire field.

5. The ODC (San Andres) Field produces from the San Andres, which contains lenticular, discontinuous porosity and pay intervals. The San Andres formation contains dolomite, anhydrite and siltstones the vary from well to well.

6. The interval from 5,158 feet to 6,750 feet as shown on the log of the Standolind O&G Oil Dev F1 ODC No. 1 should be designated as the ODC (San Andres) Field. This interval includes the entire San Andres formation including the transition zone and the below the oil water contact.

7. Studies conducted of other West Texas carbonates including San Andres fields in the area indicate additional oil reserves will be recovered as infill drilling will connect numerous isolate pay development. The studies show as drilling density increased, the percentage of pay continuity increased.

8. The ODC San Andres Unit has many similar reservoir parameters as the Wasson San Andres waterflood units studied in Gains and Yoakum Counties.

9. The current percentage of original oil in place (OOIP) recovered for the Wasson waterflood units average 47.3% while the Wilbanks ODC San Andres Unit has recovered 17.9% OOIP.

10. Development of the field on optional 20 acre density and entity for density for the ODC San Andres Unit will allow discontinuous pay zones to become connected and recover “stranded” oil.

11. The proposed 330'-0' well spacing will accommodate development on 20 acres and allow the flexibility to place wells at optimum locations within the waterflood unit.

12. Wilbanks estimates it will recover an additional 2.0 to 5.0 MMBO by infill drilling the Unit to a 20 acre density.

## 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 ODC (San Andres) 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 ODC (San Andres) Field be amended to provide for a correlative interval, 0' between well spacing, optional 20 acre density, and an entity for density for the ODC San Andres Unit.

Respectfully submitted,

Andres J. Trevino P.E.
Technical Examiner

Michael Crnich
Hearings Examiner