

OIL AND GAS DOCKET NO. 10-0276811

THE APPLICATION OF TEXAKOMA OPERATING, L.P. TO EXPAND THE CORRELATIVE INTERVAL FOR THE ST. CLAIR (GRANITE WASH) FIELD, ROBERTS COUNTY, TEXAS

HEARD BY: Andres J. Trevino, P.E. - Technical Examiner
Marshall F. Enquist - Legal Examiner

HEARING DATE: July 13, 2012

APPEARANCES: **REPRESENTING:**

APPLICANT:

Dale Miller

Texakoma Operating, L.P.

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Texakoma Operating, L.P. requests that the correlative interval for the St. Clair (Granite Wash) Field be expanded to include the productive Kansas City sands. Texakoma proposes that the field interval be defined as the correlative interval between 7,800 feet and 10,448 feet as shown on the log of the Christie-Tipps No. 1.

This application was unopposed and the examiners recommend approval of Texakoma's request to expand the correlative interval for the field.

DISCUSSION OF THE EVIDENCE

The St. Clair (Granite Wash) Field was discovered in 1975 and there are approximately 165 wells in the field. Cumulative production from the wells in the field has been 2.05 MMBO and 77.6 BCF of gas. The average production is .485 BCF of gas and 12,500 BO per well. Production from the field is marginal for wells being drilled to a depth of over 10,000 feet deep. The field is currently defined as the correlative interval from 8,880 feet to 10,448 feet as shown on the log of the Christie-Tipps No. 1. This interval was adopted in Docket No. 10-0261723 on June 18, 2009.

Texakoma drilled the Crosby 8 Lease Well No. 4 as an oil well in the Kansas City formation at a depth of 8,959 feet. The well had an initial potential of 506 BOPD, 522 MCFPD and 70 BWPD. Texakoma does not believe the high initial production is sustainable based on past production histories of wells completed in the Kansas City sands. A new field discovery was inadvertently approved for the Crosby 8 Well No. 4 as the St. Clair, N.

(Kansas City) Field. Because the oil wells completed in the Kansas City sands will likely be marginal, Texakoma requests the existing interval for the St. Clair (Granite Wash) Field be expanded to include the Kansas City sands. Gas production from current Granite Wash interval could be used to supplement oil production and be used to lift the oil from the Kansas City sands. The proposed interval is based on same well, the Christie-Tipps No. 1, and adds the Kansas City sands. This zone (Kansas City sands) is typically marginal and not economic for individual completions.

Texakoma request the Crosby 8 Lease Well No. 4 (API No. 42-393 32305) completion be transferred from the St. Clair, N. (Kansas City) Field to the St. Clair (Granite Wash) Field as it is completed in the proposed expanded interval correlative to the field and is in located in the same geographic area as the other wells in the St. Clair (Granite Wash) Field.

The field already has a two factor allocation formula based on 75% deliverability and 25% per well. Texakoma requests no change in the formula or other existing field rules. The allocation formula is currently suspended and Texakoma requests continuation of the AOF status.

FINDINGS OF FACT

1. Notice of this hearing was given to all operators of wells in the St. Clair (Granite Wash) Field at least ten days prior to the date of hearing.
2. The St. Clair (Granite Wash) Field was discovered in 1975. The current interval for the field is from 8,880 feet to 10,448 feet as shown on the log of the Christie-Tipps No. 1.
3. Production from the field is marginal for wells drilled to a depth of over 10,000 feet deep. Cumulative production from the 165 wells in the field has been 2.05 MMBO and 77.6 BCF of gas. The average production is .485 BCF of gas and 12,500 BO per well.
4. Texakoma drilled the Crosby 8 Lease Well No. 4 as an oil well in the Kansas City formation at a depth of 8,959 feet. The well had an initial potential of 506 BOPD, 522 MCFPD and 70 BWPD. Texakoma does not believe the high initial production is sustainable as production declines rapidly in the Kansas City sands.
5. A new field discovery was inadvertently approved for the Crosby 8 Well No. 4 as the St. Clair, N. (Kansas City) Field.
6. Oil wells completed in the Kansas City sands will likely be marginal, Texakoma requests the existing interval for the St. Clair (Granite Wash) Field be expanded to include the Kansas City sands.

7. The interval from 7,800 feet to 10,448 feet as shown on the log of the Christie-Tipps No. 1 includes the previous Granite Wash interval, down to the top of the Morrow and adds the Kansas City sands.
8. Expansion of the correlative interval for the field to include an expanded Granite Wash will maximize ultimate recovery from wells in the field.
9. The Crosby 8 Lease Well No. 4 (API No. 42-393 32305) is completed in the proposed expanded interval correlative to the St. Clair (Granite Wash) Field and is located in the same area as the other wells in the field.
10. The allocation formula for the field is currently based on 75% deliverability and 25% per well and the field is AOF status and will remain unchanged.

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. Expansion of the designated interval for the St. Clair (Granite Wash) Field as proposed by Texakoma Operating, L.P. is necessary to prevent waste and protect correlative rights.

EXAMINER'S RECOMMENDATION

Based on the above findings and conclusions, the examiners recommend that the field interval for the St. Clair (Granite Wash) Field be expanded as proposed by Texakoma Operating, L.P.

Respectfully submitted,

Andres J. Trevino, P.E.
Technical Examiner

Marshall F. Enquist
Legal Examiner