

OIL AND GAS DOCKET NO. 10-0230233

THE APPLICATION OF J.M. HUBER CORPORATION FOR TEMPORARY FIELD RULES IN THE MIAMI BLUFFS (SIMPSON) FIELD, ROBERTS COUNTY, TEXAS

Heard by: Margaret Allen, Technical Hearings Examiner

Procedural history

Application received: January 7, 2002

Hearing held: February 1, 2002

Appearances

Glenn George	Representing J.M. Huber Corporation
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EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

J.M. Huber is seeking the following temporary field rules:

1. Designated interval from 13,382 to 13,493 feet as shown on the log of the J.M. Huber Gill Lease Well No. 1-62;
2. 467-1200 foot well spacing;
3. 640 acre gas proration units with 10% tolerance; and
4. allocation based on acreage.

The examiner suggested that greater spacing of 1320-2640' be adopted and that the rules be reviewed in 12 months. The applicant had no objection to these recommendations.

DISCUSSION OF THE EVIDENCE

The Miami Bluffs (Simpson) Field was discovered in July of 2001, with the completion of J.M. Huber's Gill Lease Well No. 1-62. This well is perforated from 13,460 to 13,493 feet in the Simpson formation which extends from 13,382 to 13,493 feet.

The Gill Well No. 1-62 tested at a maximum rate of 3358 MCF/D and the initial bottom-hole pressure was 5334 psi. The well began producing at a rate of 2 MMCF per day but declined very rapidly. The well was fracture stimulated in October of 2001, and the operator has had difficulty returning the well to stable production. It produced 8 MMCF during December and 12 MMCF during the first 21 days of January. Current production is about 600 MCF/D and the abandonment rate is assumed to be 50 MCF/D. If the well declines 10% annually, it will eventually recover about 2 BCF.

The net pay is 9 feet, porosity is 7% and the water saturation is 35%. Based on a volumetric calculation using these parameters, there are 4827 MCF of recoverable gas per acre-foot. An ultimate

recovery of 2 BCF will drain 514 acres. Because production has been so erratic, the examiner recommends the temporary rules be reviewed in 12 months.

The discovery well for this field was drilled to, but not completed in, the Ellenburger Formation. There are multiple pay targets in this county. The applicant is doing more drilling in the area, but future wells may not be drilled deep enough to test the Simpson.

The requested allocation formula is based on acreage and should protect correlative rights. The applicant requested much smaller spacing than standard for 640 acres and gave no justification for the request. There are few other fields in the area though two Morrow fields at about 11,000 feet in Roberts County have 640-acre density. One field has 1867-3735' spacing and the other 1320-2640' spacing. The examiner recommends that 1320-2640' spacing be adopted.

FINDINGS OF FACT

1. Notice of this hearing was given to all operators in the field on January 17, 2002.
2. Notice of this hearing was published in the Miami Chief, a newspaper of general circulation in Roberts County, on
3. The Miami Bluffs (Simpson) Field was discovered in July, 2001, with the completion of J.M. Huber's Gill Lease Well No. 1-62.
4. The discovery well was perforated from 13,460 to 13,471 feet and tested at a top rate of 3358 MCF/D.
5. Gas proration units of 640 acres are appropriate for a period of 12 months..
 - a. Monthly production has been very erratic but the well is now producing about 600 MCF/D on compression.
 - b. The initial bottom-hole pressure was 5334 psi and cumulative production is 107 MMCF of gas and 6000 BC.
 - c. If the well's decline is 10% annually, it may ultimately recover 2 BCF.
 - d. Volumetric calculations indicate that 2 BCF is the amount of recoverable gas underneath 514 acres.
6. Well spacing of 1320-2640 feet is common for 640-acre proration units and for deep fields in Roberts County.
7. The productive Simpson section extends from 13,382 feet to 13,493 feet as shown on the log of the J.M. Huber Gill Lease Well No. 1-62.
8. Allocation based on acreage will protect correlative rights.

CONCLUSIONS OF LAW

1. Proper notice was given as required by statute.
2. All things have been done or occurred to give the Railroad Commission jurisdiction to resolve this matter.
3. The requested field rules will prevent waste, protect correlative rights within the field, and promote orderly development of the reservoir.

EXAMINER'S RECOMMENDATION

Based on the above findings and conclusions, the examiner proposes that the recommended field rules be adopted as temporary for the Miami Bluffs (Simpson) Field, to be reviewed in 12 months.

Respectfully submitted,

Margaret Allen
Technical Hearings Examiner

Date of Commission Action: February 21, 2002