

OIL AND GAS DOCKET NO. 8A-0262950

THE APPLICATION OF GUNN OIL COMPANY TO AMEND THE FIELD RULES FOR THE THOMAS (ATOKA CONGL.) FIELD, COTTLE COUNTY, TEXAS

Heard by: Donna K. Chandler on September 30, 2009

Appearances:

Bill Stephens
Ben Ralston

Representing:

Gunn Oil Company
(by telephone)

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Field rules for the Thomas (Atoka Congl.) Field were adopted on June 28, 1984 in Order No. 8-29,777. The rules in effect for the field are summarized as follows:

1. 660'-1,320' well spacing;
2. 160 acre gas units;
3. Allocation based on 100% acre-feet.

Gunn Oil Company requests that the allocation formula be amended to provide for allocation based on 100% acreage.

This application was unopposed and the examiner recommends that the field rules for the Thomas (Atoka Congl.) Field be amended as proposed by Gunn Oil Company.

DISCUSSION OF THE EVIDENCE

The Thomas (Atoka Congl.) Field was discovered in 1982. The field is a non-associated gas field which currently has two producing wells. Field rules adopted in 1984 were based on a determination of acre feet in the reservoir. Gunn has drilled a recent well, the Jones St Unit Well No. 1, which is located outside the field limits which had previously been adopted by the Commission.

Gunn drilled its Jones St Unit Well No. 1 in February 2009 in Section 37 of the F. P. Knott Survey. The location is south of Section 36, where the previous reservoir limits had been determined. The Conglomerate producing interval is a channel sand extending north-south. Gunn's current mapping of the channel indicates that the Jones St Unit Well No. 1 is in the same channel as the three wells which previously produced from the field. The depleted bottomhole pressure of the Jones St Unit Well No. 1 of 706 psi confirms that the well is completed in the same channel. The original wells in the field had bottomhole pressures of 2,500-2,600 psi.

Gunn requests that the acre-feet allocation formula be rescinded for the field, as it is not accurate based on current mapping. Allocation based on 100% acreage will provide for additional development of the field, without the exact determination of new reservoir limits. Gunn also requests that all overproduction from its well be canceled. This overage accrued because the well could not be assigned an allowable unless the acre-feet allocation formula was amended.

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 rules for the Thomas (Atoka Congl.) Field were adopted on June 28, 1984 and provide for allocation based on 100% acre-feet.
3. The Thomas (Atoka Congl.) Field is a non-associated gas field which currently has two producing wells, one of which is the recently completed Gunn Oil Company - Jones St Tract Unit Well No. 1.
4. The Jones St Unit Well No. 1 is located outside the field limits which had previously been adopted by the Commission.
5. The Jones St Unit Well No. 1 is producing from a common reservoir as the other wells which produced from the Thomas (Atoka Congl.) Field.
 - a. The Jones St Unit Well No. 1 is located in Section 37 of the F. P. Knott Survey. The location is south of Section 36, where the previous reservoir limits had been determined.
 - b. The Conglomerate producing interval is a channel sand extending north-south.
 - c. Current mapping of the channel indicates that the Jones St Unit Well

No. 1 is in the same channel as the three wells which previously produced from the field.

- d. The Jones St Unit Well No. 1 encountered depleted bottomhole pressure of 706 psi. The original wells in the field had bottomhole pressures of 2,500-2,600 psi.
6. Allocation based on 100% acreage is a reasonable formula which will protect correlative rights of mineral owners.

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. Amending the field rules for the Thomas (Atoka Congl.) Field is necessary to prevent waste and protect correlative rights.

EXAMINER'S RECOMMENDATION

Based on the above findings and conclusions, the examiner recommends that Rule 3 of the field rules for the Thomas (Atoka Congl.) Field be amended as proposed by Gunn Oil Company. It is also recommended that all overproduction for the Jones St Unit Well No. 1 be canceled.

Respectfully submitted,

Donna K. Chandler
Technical Examiner