

THE APPLICATION OF MOMENTUM OPERATING CO. INC. TO CONSIDER A SALVAGE CLASSIFICATION FOR THE LUEDERS, S. (KING SAND) FIELD, JONES COUNTY, TEXAS

Heard by: Andres J. Trevino, P.E. Technical Examiner

Hearing Date: August 18, 2008

Appearances:

Representing:

Davin McGinnis
Thomas H. (Buddy) Richter

Momentum Operating Co. Inc.

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Momentum Operating Co. Inc. requests that a salvage classification for the Lueders, S. (King Sand) Field be granted and that all overproduction in the field be canceled.

This application was unopposed and the examiner recommends approval.

DISCUSSION OF THE EVIDENCE

Momentum Operating Co. Inc is the only operator of the Lueders, S. (King Sand) Field and is attempting to recover additional reserves from this mature field by infill drilling on 5 acre units. The Lueders, S. (King Sand) Field was discovered in 1953. The field is in the late stages of depletion, with bottomhole pressures down to about 500 psi.

A total of 33 wells have been completed in the field. There is one injection well and thirty two active oil wells in the field. Cumulative production from the field is about 1,986,234 BO.

Special field rules were adopted in 2004 that allowed 5 acre optional units. In May 2004, the Lueders, S. (King Sand) Field had 10 producing oil wells producing approximately 100 BOPD. The Field had a cumulative production of 1,735,194 BO. Since 2004 Momentum drilled and re-entered 22 additional wells on either 5 acre or 10 acre units. The additional development increased daily production to 408 BOPD. The Field has produced an additional 244,000 BO in four years.

The Lueders, S. (King Sand) Field has an efficient and effective water drive which has helped maintain reservoir pressure over the 55 years of production. The original bottomhole pressure was 750 psi while the current bottomhole pressure is 500 to 550 psi. The Field has no gas cap to protect, the wells produce little gas and are all on artificial lift.

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The newly completed wells initially produce above the top allowable of 22 BOPD for 10 acre units and 11 BOPD for 5 acre units. The initial high production level may last several weeks to several months then may decline rapidly. Wells have produced at rates as high as 74 BOPD. Given the mature status of the reservoir, lack of gas cap and efficient water drive, there is no reason to limit production from this field.

FINDINGS OF FACT

1. Notice was issued to all affected persons at least ten (10) days prior to the date of the hearing.
2. The Lueders, S. (King Sand) Field was discovered in 1953. There are currently 32 active oil wells and one injection well in the field.
3. Special field rules adopted in 2004 allow 10 acre density with 5 acre optional units.
4. The field is mature, but production is assisted by an effective water drive.
 - a. The field has produced for 55 years.
 - b. The original bottomhole pressure was 750psi, the current bottomhole pressure in the field is about 500 psi.
 - c. Momentum is developing the field by infill drilling on 5 acre density.
5. The wells receive an allowable of 22 BOPD for wells drilled on 10 acre units and 11 BO for wells drilled on 5 acre units.
6. Numerous newly completed wells have initial potentials that exceed the current top allowable of 22 BOPD. The production level may last from several weeks to several months.
7. Restricting production of the subject artificial lift wells in this reservoir is not necessary to prevent waste .

CONCLUSIONS OF LAW

1. Proper notice was timely issued to all persons legally entitled to notice.
2. All things have been accomplished to give the Commission jurisdiction in this matter.
3. Limiting production from the field is not necessary to prevent waste and therefore salvage classification is appropriate to recover remaining reserves.
4. Cancellation of overproduction in the field will not harm correlative rights.

EXAMINER'S RECOMMENDATION

Based on the above findings and conclusions of law, the examiner recommends that the Lueders, S. (King Sand) Field be classified as salvage exempt. It is also recommended that all overproduction in the field be canceled.

Respectfully submitted,

Andres J. Trevino, P.E.
Technical Examiner