

THE APPLICATION OF EXL PETROLEUM, LP TO CONSIDER ADOPTION OF TEMPORARY FIELD RULES FOR THE SAINT WILMA (STRAWN) FIELD, ANDREWS COUNTY, TEXAS

Heard by: Donna K. Chandler on August 26, 2009

Appearances:

Steve Towns
Nguyen Ngoc

Representing:

EXL Petroleum, LP

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Field rules for the Saint Wilma (Strawn) Field currently provide for a designated interval and a two factor allocation formula of 95% potential and 5% per well. These rules were adopted along with a new field designation in Docket No. 08-0259900 effective January 15, 2009. EXL Petroleum, LP requests that rules be amended to provide for a spacing and density rule, along with a change in allocation formula. The proposed rules are summarized as follows:

1. Designation of the field as the correlative interval from 8,885 feet to 11,042 feet as shown on the log of the University Brittany Well No. 1.
2. 660'- 1,320' well spacing;
3. 160 acre oil units with 40 acre tolerance and a maximum diagonal of 4,500 feet;
4. Allocation based on 95% acreage and 5% per well.

This application was unopposed and the examiner recommends that the proposed rules be adopted on a temporary basis as proposed by EXL Petroleum, LP, subject to review in 18 months.

DISCUSSION OF EVIDENCE

The Saint Wilma (Strawn) Field was discovered in January 2008. Eight oil wells have been completed in the field, all operated by EXL Petroleum. Production is from a depth of approximately 11,000 feet. The top allowable in the field is 340 BOPD and allocation is based on 95% potential and 5% per well.

Cumulative production from the field is approximately 85,000 BO. Current production from the eight wells in the field is approximately 210 BOPD.

EXL calculated drainage areas for all eight wells, using 100 feet net pay and 30% average water saturation. Individual porosities were calculated for each well. Estimated ultimate recoveries for the eight wells range from 21,000 BO to 95,000 BO. The calculated drainage areas range from 67 acres to 559 acres. The average drainage area is 165 acres.

EXL requests a spacing rule of 660 feet from lease lines and 1,320 feet between wells. This spacing is slightly closer than normal for 160 acre density. EXL requests additional flexibility because mapping of the ϕ -feet of the reservoir indicates significant changes over short distances.

The current allocation formula in the field does not contain an acreage factor because there was no density rule in effect. The requested allocation formula based on 95% acres and 5% per well will protect correlative rights.

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 Saint Wilma (Strawn) Field were adopted in Docket No. 08-0259900 effective January 15, 2009. The rules provide for a designated interval and a two factor allocation formula of 95% potential and 5% per well.
3. The Saint Wilma (Strawn) Field was discovered in January 2008 and eight oil wells have been completed in the field, all operated by EXL Petroleum.
4. The correlative interval for the field is from 8,885 feet to 11,042 feet as shown on the log of the University Brittany Well No. 1.
5. A density rule providing for 160 acres is appropriate on a temporary basis for the Saint Wilma (Strawn) Field.
 - a. Estimated ultimate recoveries for the eight wells range from 21,000 BO to 95,000 BO.

- b. The calculated drainage areas range from 67 acres to 559 acres with an average drainage area of 165 acres.
6. The proposed 660'-1,320 spacing rule is necessary to provide additional flexibility in developing this reservoir.
7. Allocation based on 95% acres and 5% per well meets statutory requirements and will protect correlative rights.

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. Amending the field rules for the Saint Wilma (Strawn) Field is necessary to prevent waste, protect correlative rights and promote development of the field.

RECOMMENDATION

Based on the above findings and conclusions of law, the examiner recommends that the Commission amend the field rules for the Saint Wilma (Strawn) Field on a temporary basis, subject to review in 18 months.

Respectfully submitted,

Donna K. Chandler
Technical Examiner