



RAILROAD COMMISSION OF TEXAS

OFFICE OF GENERAL COUNSEL

OIL AND GAS DOCKET NO. 03-0249626

THE APPLICATION OF CRAWFORD ENERGY OPERATING CO. TO CONSIDER STANDING, AND IF STANDING IS GRANTED, TO CONSOLIDATE VARIOUS PORT ACRES FIELDS, INTO THE (PROPOSED) PORT ACRES (MARG-FRIO CONS.) FIELD, JEFFERSON COUNTY, TEXAS

Heard by: Donna K. Chandler on December 14, 2006

Appearances:

Dale Miller
Eric Ungerecht
Michael Hill

Representing:

Crawford Energy Operating Co.

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Crawford Energy Operating Co. requests that the following four fields be consolidated into a new field to be known as the Port Acres (Marg-Frio Cons.) Field:

Port Acres (Frio 1) Field	723 78080
Port Acres (Frio 1-A) Field	723 78085
Port Acres (Frio 2) Field	723 78087
Port Acres (Marg. 3) Field	723 79500

Crawford requests that the following rules be adopted for the consolidated field:

1. Designated interval from 8,154 feet to 8,220 feet as shown on the log of the Doornbos No. 3D and from 8,220 feet to 8,940 feet as shown on the log of the Doornbos No. 2D;
2. 330'-0' well spacing;
3. 40 acre drilling units;
4. Allocation based 95% deliverability and 5% per well for gas wells with AOF status; salvage classification for oil wells.

This application was unopposed and the examiner recommends approval of Crawford's request for field consolidation and field rules.

DISCUSSION OF THE EVIDENCE

Three of the four fields proposed for consolidation were discovered between 1985-86. The fourth field, the Port Acres (Frio 2) was just discovered in 2006, and the discovery well for that field has already been recompleted to another field. The Port Acres (Frio 1), Port Acres (Frio 1-A) and Port Acres (Frio 2) are oil fields; the Port Acres (Marg. 3) Field is a non-associated gas field. There is only one active well in the fields: the Doornbos No. 1 operated by Crawford. This well is completed in the Port Acres (Frio 1-A) Field. There are several shut-in wells listed on the proration schedule.

The Port Acres (Frio 1) and Port Acres (Frio 1-A) Fields operate under rules providing for 80 acre density. The other two fields operate under Statewide Rules.

Cumulative production from the fields is about 3.5 BCF of gas and 380,000 BO. The majority of the gas production is from the Port Acres (Marg. 3) Field, with over 2.7 BCF of gas. The majority of the oil production is from the Port Acres (Frio 1-A) Field, with 178,000 BO.

Crawford requests that the four Commission designated fields be consolidated and that the correlative interval for the consolidated field include the Frio 3 and Frio 4 sands, which have not yet been produced. Crawford requests that the correlative interval for the field be from 8,154 feet to 8,220 feet as shown on the log of the Doornbos No. 3D and from 8,220 feet to 8,940 feet as shown on the log of the Doornbos No. 2D. None of the wells in the fields have encountered productive sands in all intervals proposed for consolidation.

The various sands are lenticular in nature and not in communication from well to well. This is demonstrated by the fact that lower structure wells produce water free compared to higher wells which have watered out in the same correlative reservoirs. The reservoirs all have water drives and Crawford will be drilling and recompleting wells at locations necessary to recover attic reserves. The requested 330'-0' well spacing will accommodate this salvage development of the reservoirs.

The fields produce from Frio sands which have similar reservoir and fluid properties. Consolidation of the various sands into a single field will result in the recovery of additional reserves which would otherwise be uneconomic.

Crawford requests salvage classification for the oil field, associated-prorated classification for gas field, along with AOF status, to remove any limitations on production from the wells. There will be no additional recovery unless attic oil/gas reserves are

developed. A two factor allocation formula for gas wells based on 95% deliverability and 5% per well is requested for the consolidated field to meet statutory requirements. However, there is a market for all gas produced from the field and therefore suspension of the allocation formula is warranted.

FINDINGS OF FACT

1. Notice of this hearing was sent to all persons legally entitled to notice at least ten days prior to the date of hearing.
2. The Port Acres (Frio 1), Port Acres (Frio 1-A) and Port Acres (Frio 2) Fields are oil fields; the Port Acres (Marg. 3) Field is a non-associated gas field. The only active well is in the Port Acres (Frio 1-A) Field but there are several shut-in wells listed on the proration schedule.
3. The Port Acres (Frio 1) and Port Acres (Frio 1-A) Fields operate under rules providing for 80 acre density. The other two fields operate under Statewide Rules.
4. Cumulative production from the fields is about 3.5 BCF of gas and 380,000 BO.
 - a. The majority of the gas production is from the Port Acres (Marg. 3) Field, with over 2.7 BCF of gas.
 - b. The majority of the oil production is from the Port Acres (Frio 1-A) Field, with 178,000 BO.
5. Consolidation of the fields will not harm any of the reservoirs because of the similar reservoir and fluid properties.
6. Consolidation of the fields will result in the recovery of additional reserves from the various fields as a result of a lower combined economic limit.
7. The Port Acres (Marg-Frio Cons.) Field should be designated as the correlative interval from 8,154 feet to 8,220 feet as shown on the log of the Doornbos No. 3D and from 8,220 feet to 8,940 feet as shown on the log of the Doornbos No. 2D.
8. Gas allowable allocation based 5% per well and 95% on deliverability will protect correlative rights and satisfy statutory requirements.
9. Suspension of the allocation formula in the consolidated field is appropriate because there is a market for any gas produced from the field.
10. The oil field should be exempt from proration and classified as salvage.

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. Consolidation of the fields as proposed by Crawford Energy Operating Co. is necessary to prevent waste and protect correlative rights.
4. The proposed field rules will prevent waste, protect correlative rights, and satisfy statutory requirements.

EXAMINER'S RECOMMENDATION

Based on the above findings and conclusions, the examiner recommends that the four subject fields be consolidated into a new field to be known as the Port Acres (Marg-Frio Cons.) Field and that the requested field rules be adopted for the consolidated field.

Respectfully submitted,



Donna K. Chandler
Technical Hearings Examiner