

THE APPLICATION OF OXY USA WTP LP TO CONSOLIDATE THE VIREY (CONSOLIDATED) AND WAR-SAN (CONSOLIDATED) FIELDS INTO THE DORA ROBERTS (CONSOLIDATED) FIELD AND TO AMEND FIELD RULE NO. 1 FOR THE DORA ROBERTS (CONSOLIDATED) FIELD, ECTOR AND MIDLAND COUNTIES, TEXAS

HEARD BY: Andres J. Trevino, P.E. - Technical Examiner

HEARING DATE: June 14, 2011

APPEARANCES:

REPRESENTING:

APPLICANT:

John Soule
Tim Lyons

OXY USA WTP LP

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

OXY USA WTP LP ("OXY") requests to consolidate the Virey (Consolidated) and War-San (Consolidated) Fields into the Dora Roberts (Consolidated) Field.

OXY requests that Field Rule No.1 be amended to expand the interval as follows:

1. Designation of the field as the entire correlative interval between 6,970 feet and 10,794 feet as shown on the log of the Dora Roberts Ranch Unit, Well No. 4506 (API No. 42-329-32804);
2. 467' lease line spacing with no minimum distance between wells (no change);
3. 80 acre proration units with optional 40 acre density, (no change);
4. Oil and gas allocation based on 100% acres (no change).

This application was unopposed and the examiner recommends approval of OXY's request for field consolidation and expanding the designated interval.

DISCUSSION OF THE EVIDENCE

The current field interval for the Virey (Consolidated), War-San (Consolidated) and Dora Roberts (Consolidated) Fields extends from the top of the Wolfcamp to the base of the Penn and includes the Wolfcamp, Strawn and Bend/Atoka/Penn formations. The existing interval for the War-San (Consolidated) Field extends above the top of the Wolfcamp and includes a portion of the Spraberry. The expanded interval for the Dora Roberts (Consolidated) Field will be identical to the interval approved by the Commission for the neighboring Parks (Consolidated) and Pegasus (Consolidated) Fields. The nearby Spraberry (Trend Area) Field interval includes the Clear Fork, Spraberry and Wolfcamp formations. Blanket Rule 10 exceptions have been approved to allow downhole commingling of production from the Spraberry (Trend Area) Field and more than 150 Strawn, Atoka, Bend and Pennsylvanian Fields.

The Dora Roberts Field was discovered in October 1954. There are 20 producing oil wells carried on the proration schedule. The field operates under Field Rules providing for 467'/0' well spacing, 80 acre units with 40 acre optional units and allocation based on 100% acreage. The designated interval for the field includes the top of the Wolfcamp to the base of the Pennsylvanian Bend formation.

The Virey (Consolidated) Field was consolidated in October 1995. There are 43 producing oil wells carried on the proration schedule. The field operates under Field Rules providing for 467'/0' well spacing, 80 acre units with 40 acre optional units and allocation based on 100% acreage. The designated interval for the field includes the top of the Wolfcamp to the base of the Pennsylvanian Bend formation.

The War-San (Consolidated) Field was consolidated in October 1995. There are 17 producing oil wells carried on the proration schedule. The field operates under Field Rules providing for 467'/0' well spacing, 80 acre units with 40 acre optional units and allocation based on 100% acreage. The designated interval for the field includes the top of the Wolfcamp to the base of the Pennsylvanian Bend formation.

The proposed designated interval for the consolidated field is the entire correlative interval between 6,970 feet and 10,794 feet as shown on the log of the Dora Roberts Ranch Unit, Well No. 4506 (API No. 42-329-32804). This interval will include all zones between the top of the Clearfork formation and the base of the Pennsylvanian Bend formation. The interval adds the Clearfork, the Spraberry and the Dean.

The Virey (Consolidated), War-San (Consolidated) and Dora Roberts (Consolidated) Fields are geographically intermingled and there are no other fields contained within the proposed correlative interval. All of the zones are continuous across the field area and the correlative interval is similar to the one adopted for the Parks (Consolidated) Field and the Pegasus (Consolidated) Field area

OXY will be actively developing the consolidated interval by drilling infill wells and completing existing wells into additional zones and needs the flexibility to downhole commingle production to increase the economic viability of the wells. To date, there have been numerous Statewide Rule 10 exceptions approved by the Commission to commingle production from various combinations in the Spraberry (Trend Area) Field.

OXY stated that producing all of the reservoirs simultaneously would reduce the abandonment rate for each zone and increase the ultimate recovery of hydrocarbons from all of the reservoirs. OXY calculated the incremental reserves to be recovered from each infill well to be 30,000 BO

FINDINGS OF FACT

1. Notice of this hearing was given to all persons entitled to notice and there were no protests.
2. The Virey (Consolidated) Field was consolidated in October 1995.
 - a. The field operates under Field Rules providing for 467'/0' well spacing, 80 acre units with 40 acre optional units and allocation based on 100% acreage.
 - b. There are 43 producing oil wells carried on the proration schedule.
 - c. The designated interval for the field includes the top of the Wolfcamp to the base of the Pennsylvanian Bend formation.
3. The War-San (Consolidated) Field was consolidated in October 1995.
 - a. The field operates under Field Rules providing for 467'/0' well spacing, 80 acre units with 40 acre optional units and allocation based on 100% acreage.
 - b. There are 17 producing oil wells carried on the proration schedule.
 - c. The designated interval for the field includes the top of the Wolfcamp to the base of the Pennsylvanian Bend formation.
4. Dora Roberts Field was discovered in October 1954.

- a. The field operates under Field Rules providing for 467'/0' well spacing, 80 acre units with 40 acre optional units and allocation based on 100% acreage.
 - b. There are 20 producing oil wells carried on the proration schedule.
 - c. The designated interval for the field includes the top of the Wolfcamp to the base of the Pennsylvanian Bend formation.
5. The Virey (Consolidated) and War-San (Consolidated) Fields should be consolidated into the Dora Roberts (Consolidated) Field.
 6. The expanded designated interval for the consolidated field should be the entire correlative interval between 6,970 feet and 10,794 feet as shown on the log of the Dora Roberts Ranch Unit, Well No. 4506 (API No. 42-329-32804). The correlative interval includes all of the formations contained between the top of the Clearfork formation and the base of the Pennsylvanian Bend formation.
 7. OXY proposes no change in the Dora Roberts (Consolidated) Field's well spacing, well density or allocation formula.
 8. Wells in the consolidated into the Dora Roberts (Consolidated) Field will produce from the same correlative interval as the Parks (Consolidated) Field and the Pegasus (Consolidated) Field.
 9. Separate completions in the Clearfork, the Spraberry and the Dean zone are not stand alone completions and would not be commercial.
 10. OXY will be actively developing the consolidated interval by drilling infill wells and completing existing wells into additional zones and needs the flexibility to downhole commingle production to increase the economic viability of the wells.
 11. OXY calculated the incremental reserves to be recovered from each infill well to be 30,000 BO.

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 and adoption of the proposed Field Rules will prevent waste, protect correlative rights, satisfy statutory requirements and promote development of the field.

EXAMINER'S RECOMMENDATION

Based on the above findings of fact and conclusions of law, the examiner recommends that the Commission consolidate the Virey (Consolidated) and War-San (Consolidated) Fields into the Dora Roberts (Consolidated) Field and expand the designated interval, as requested by OXY USA WTP LP.

Respectfully submitted,

Andres J. Trevino, P.E.
Technical Examiner