

**THE APPLICATION OF KERR-MCGEE OIL AND GAS ONSHORE LP TO AMEND THE FIELD RULES FOR THE J. C. MARTIN (LOBO) FIELD, WEBB AND ZAPATA COUNTIES, TEXAS**

---

**Heard by:** Donna K. Chandler on October 3, 2008

**Appearances:**

Ana Maria Marsland-Griffith  
David Christian  
Chris Edwards

Jamie Nielson

**Representing:**

Kerr-McGee Oil and Gas Onshore LP

ConocoPhillips Company

**EXAMINER'S REPORT AND RECOMMENDATION**

**STATEMENT OF THE CASE**

Field rules for the J. C. Martin (Lobo) Field were originally adopted on March 1, 1977 in Order No. 4-66,188. The rules currently in effect for the field are summarized as follows:

1. 660'-1,320' well spacing;
2. 320 acre gas units with 10% tolerance; optional 160 acre units;
3. 100% acreage allocation.

Kerr-McGee requests that the field rules be amended as follows:

1. Designation of the field as the correlative interval from 7,400 feet to 9,320 feet as shown on the log of the Sanchez No. 1;
2. 467'-0' well spacing;
3. 320 acre units with optional 40 acre units, with no requirement to file P-15 and plat;
4. Allocation based on 95% deliverability and 5% per well; continued AOF;

5. Annual G-10 testing.

Kerr-McGee also requests that 65 wells be transferred from the La Perla (Lobo Cons.) Field into the J. C. Martin (Lobo) Field.

This application was unopposed and the examiner recommends that the field rules for the J. C. Martin (Lobo) Field be amended as proposed by Kerr-McGee.

### **DISCUSSION OF THE EVIDENCE**

The J. C. Martin (Lobo) Field was formed in 1977 as a result of the consolidation of several fields. The field is classified as non-associated and there are 70 wells in the field.

Kerr-McGee proposes that the J. C. Martin (Lobo) Field be designated to include the entire Lobo Series from the top of the Lobo Unconformity to the top of the Midway Shale, which is the base of the Lobo 6. This interval is from 7,400 feet to 9,320 feet as shown on the log of the Sanchez No. 1.

Kerr-McGee recently took over operations in this area. On its Mecom acreage, wells are carried in both the La Perla (Lobo Cons.) Field and the J. C. Martin (Lobo) Field. The La Perla (Lobo Cons.) Field has the same correlative interval and was formed in 1999 as a result of consolidating 48 fields. Kerr-McGee requests that all wells on its Mecom lease be transferred from the La Perla (Lobo Cons.) Field to the J. C. Martin (Lobo) Field in order to ease development of its acreage. The Mecom lease is on the very southern end of the La Perla field designations and on the very northern end of the J. C. Martin field designations.

Kerr-McGee submitted drainage calculations for 13 wells on its Mecom lease. For these wells, net pay ranges from 10 feet to almost 300 feet and estimated ultimate recoveries range from 61 MMCF to 15 BCF. The calculated drainage areas range from less than 5 acres to over 120 acres, with an average of 46 acres for the 13 wells studied. These calculations indicate that an optional 40 acre density rule is appropriate for the J. C. Martin (Lobo) Field.

The Lobo section in this area is complexly faulted, resulting in numerous separate reservoirs. Pay thicknesses vary significantly due to some sands being faulted out. Reservoir size is often limited by the presence of faulting. On this basis, Kerr-McGee requests that the between-well spacing rule be eliminated. This also provides a basis for the requested two-factor allocation formula based on 95% deliverability and 5% per well.

Additionally, Kerr-McGee requests that G-10 requests be required on an annual basis instead of semi-annually as required by Rule 28. Kerr-McGee believes that annual tests will be reflective of deliverability for a 12 month period because wells generally exhibit very little decline and many wells produce less than 100 MCFD.

**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. The J. C. Martin (Lobo) Field was formed in 1977 as a result of the consolidation of several fields. The field is classified as non-associated and there are 70 wells in the field.
3. Field rules for the J. C. Martin (Lobo) Field provide for 660'-1,320' well spacing, 320/optional 160 acre density and 100% acreage allocation. The field is AOF.
4. The J. C. Martin (Lobo) Field should be designated as the interval from 7,400 feet to 9,320 feet as shown on the log of the Sanchez No. 1. This interval includes the entire Lobo Series from the top of the Lobo Unconformity to the top of the Midway Shale, which is the base of the Lobo 6.
5. On its leasehold, wells are carried in both the La Perla (Lobo Cons.) Field and the J. C. Martin (Lobo) Field, both of which have the same correlative interval.
6. A density rule providing for optional 40 acre density is appropriate for the J. C. Martin (Lobo) Field.
  - a. For 13 wells studied, net pay ranges from 10 feet to almost 300 feet and estimated ultimate recoveries range from 61 MMCF to 15 BCF.
  - b. For 13 wells studied, the calculated drainage areas range from less than 5 acres to over 120 acres, with an average of 46 acres for the 13 wells studied.
7. A two factor allocation formula is necessary for the J. C. Martin (Lobo) Field because the Lobo section includes numerous, separate lenticular sands.
8. Minimum well spacing of 467 feet from lease lines and no between-well spacing limitation is necessary to provide flexibility in developing the field. The Lobo is complexly faulted and reservoir size is often limited by the presence of faulting.
9. Annual G-10 wells tests for wells in the J. C. Martin (Lobo) Field will provide adequate information about well performance because wells generally exhibit very little decline and many wells produce less than 100 MCFD.

**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 J. C. Martin (Lobo) Field is necessary to prevent waste and protect correlative rights.

**EXAMINER'S RECOMMENDATION**

Based on the above findings and conclusions, the examiner recommends that the field rules for the J. C. Martin (Lobo) Field be amended as proposed by Kerr-McGee. It is also recommended that the wells listed in Attachment A be transferred from the La Perla (Lobo Cons.) Field to the J. C. Martin (Lobo) Field.

Respectfully submitted,

Donna K. Chandler  
Technical Examiner

## ATTACHMENT A

API	RRC ID	Lease Name	Well No.
4250531085	083045	MECOM J W	23
4250531101	083853	MECOM J W	25
4250531223	090161	MECOM J W	31
4250531380	095272	MECOM J W	37P
4250531403	096754	MECOM J W	40P
4250531447	097359	MECOM J W	41
4250531516	100057	MECOM J W	45J
4250531583	103495	MECOM J W	47
4250531622	104721	MECOM J W	49J
4250531766	110381	MECOM J W	56S
4250531780	110709	MECOM J W	57
4250531810	111508	MECOM J W	58
4250531829	112691	MECOM J W	59V
4250532025	116645	MECOM J W	61K
4250532083	117482	MECOM J W	62K
4250531173	120909	MECOM J W	29
4250532825	140135	MECOM J W	65
4250532851	141115	MECOM J W	67
4250532952	144325	MECOM J W	72
4250533033	145651	MECOM J W	76
4250533040	146270	MECOM J W	75
4250533045	146401	MECOM J W	78
4250533055	146668	MECOM J W	77
4250533073	146722	MECOM J W	79
4250533077	146895	MECON J W	80
4250533441	159807	MECOM J W	82
4250533442	160097	MECON J W	81
4250533531	162969	MECOM J W	83
4250533581	165062	MECOM J W	86
4250533684	168016	MECOM J W	89
4250533728	168111	MECOM J W	91
4250533714	168514	MECOM J W	90
4250533747	169896	MECOM J W	92
4250533840	170035	MECOM J W	100
4250533816	170039	MECOM J W	98
4250533828	170044	MECOM J W	99
4250533857	171104	MECOM J W	102
4250533809	172592	MECOM J W	96
4250533810	172777	MECOM J W	97
4250533799	173202	MECOM J W	94
4250533868	173218	STATE TRACT	1
4250533972	174611	MECOM J W	103
4250534009	175079	MECOM J W	105
4250534022	175753	MECOM J W	106

4250534104	177041	MECOM J W	110
4250534111	177165	MECOM J W	111
4250534127	177523	MECOM J W	112
4250534090	177843	MECOM J W	109
4250534070	177860	MECOM J W	108
4250534193	183264	MECOM J W	114
4250534192	183446	MECOM J W	113
4250534655	194256	MECOM J W	118
4250534653	195058	MECOM J W	116
4250534654	195184	MECOM J W	117
4250534925	201803	MECOM J W	119
4250534927	202517	MECOM J W	121
4250534926	203072	MECOM J W	120
4250534928	203508	MECOM J W	123
4250535029	204952	MECOM J W	124
4250535093	205749	MECOM J W	126
4250535024	206424	MECOM J W	122
4250535078	206476	MECOM J W	125
4250535145	208732	MECOM J W	130
4250535142	208813	MECOM J W	131
4250535121	209191	MECOM J W	128
4250535094	211224	MECOM J W	127