

OIL AND GAS DOCKET NO. 05-0254101

THE APPLICATION OF O'RYAN OIL AND GAS TO AMEND THE FIELD RULES FOR JOHN W. (SMACKOVER) FIELD, HENDERSON COUNTY, TEXAS

Heard by: Colin K. Lineberry on November 21, 2007

Reviewed by: Donna K. Chandler

Appearances:

Representing:

Flip Whitworth
Kerry Pollard

O'Ryan Oil and Gas

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Field rules for the John W. (Smackover) Field were adopted on March 17, 1980 in Docket No. 5-73,680. The rules are summarized as follows:

1. 467'-1,200' well spacing;
2. 160 acre oil units with a maximum diagonal of 5,300 feet;
3. 100% acreage allocation.

O'Ryan Oil and Gas requests that the field rules be amended as follows:

1. Designation of the field as the correlative interval from 8,841 feet to 8,941 feet as shown on the log of the Ed Hurst No. 1;
2. 467' minimum lease line spacing with no minimum between well spacing requirement for horizontal and/or vertical wells;
3. 160 acre density;
4. 100% acreage allocation.

O’Ryan had originally requested a between well spacing rule of 933 feet, with no minimum spacing between a horizontal and vertical well. O’Ryan amended its request at the hearing. No additional notice was necessary because O’Ryan is the only operator in the field. The examiner recommends approval of the amended request.

DISCUSSION OF EVIDENCE

The John W. (Smackover) Field was discovered in 1979 at a depth of approximately 9,000 feet. Cumulative production from the field is over 1 million BO and 4.2 BCF of gas. All casinghead gas has been and continues to be re-injected for pressure maintenance. There are currently two producing wells in the field, both of which are horizontal wells, and one gas injection well in the field. A fourth well is carried in the field but is a salt water disposal well at a shallower depth.

Production from the field had ceased in 2000 and O’Ryan has recently taken over operations in the field and re-established production by drilling horizontal laterals in two existing wellbores. The reservoir has a water drive and the horizontal wells are being completed in the uppermost portion of the reservoir to avoid water production. The No. 201 currently produces approximately 70 BOPD and 10 BWPD and the No. 301 produces approximately 10 BOPD and 30 BWPD.

O’Ryan requests that the between-well spacing limitation be eliminated for this field. This will allow horizontal wells to be drilled as close to other wells as needed as dictated by the reservoir structure and the desire to complete wells only in the top of the Smackover.

O’Ryan requests that the field be designated as the correlative interval from 8,841 feet to 8,941 feet as shown on the log of the Farley (Smackover) Unit Well No. 301, previously known as the Ed Hurst No. 1. This interval includes the entire Smackover formation.

FINDINGS OF FACT

1. Notice of this hearing was given to all persons entitled to notice and no protests were received.
2. The John W. (Smackover) Field was discovered in 1979 at a depth of approximately 9,000 feet. Cumulative production from the field is over 1 million BO and 4.2 BCF of gas.
3. Field rules for the John W. (Smackover) Field were adopted on March 17, 1980 in Docket No. 5-73,680. The rules provide for 467'-1,200' well spacing, 160 acre oil units and 100% acreage allocation.
4. There are currently two producing wells in the field, both of which are

horizontal wells operated by O’Ryan Oil and Gas. These wells are recent re-entries of existing vertical wells.

5. Because the reservoir has a water drive, the horizontal wells are being completed in the uppermost portion of the reservoir to avoid water production.
6. Elimination of a between-well spacing requirement will allow horizontal wells to be drilled as close to other wells as needed as dictated by the reservoir structure and the desire to complete wells only in the top of the Smackover.
7. The John W. (Smackover) Field should be designated as the correlative interval from 8,841 feet to 8,941 feet as shown on the log of the Farley (Smackover) Unit Well No. 301, previously known as the Ed Hurst No. 1. This interval includes the entire Smackover formation.

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 John W. (Smackover) Field as proposed by O’Ryan Oil and Gas 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 field rules for the John W. (Smackover) Field be amended as proposed by O’Ryan Oil and Gas.

Respectfully submitted,

Donna K. Chandler
Technical Examiner