

October 23, 2000

OIL AND GAS DOCKET NO. 06-0224578

REVIEW OF TEMPORARY FIELD RULES FOR THE OLIVER CREEK (TRAVIS PEAK) FIELD, SHELBY COUNTY, TEXAS

HEARD BY: Thomas H. Richter, P.E.

DATES OF HEARING: May 3 and October 19, 2000

APPEARANCES:

Philip Patman, attorney
Charles E. Prichard
Glen T. Adams
Kerry D. Knight
Andrew Gallo, attorney
John Soule, attorney

REPRESENTING:

Samedan Oil Corporation

Vastar Resources
Marathon oil Company

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

This is a Commission called hearing to determine the effectiveness of the temporary field rules for the Oliver Creek (Travis Peak) Field that were adopted by Final Order No. 06-0220396 effective December 3, 1998 which provide for:

1. The entire correlative interval from 7,860' to 8,500' subsurface depth as shown on the log of the Exxon Fee lease Well No. 1, F.A. Sherman Survey, A-904, Shelby County, Texas be recognized and designated as the Oliver Creek (Travis Peak) Field.
2. Minimum well spacing of 660'/1320' (lease line/between well),
3. 640 acre gas proration units with 10% tolerance and maximum diagonal of 8,500';
4. An allocation formula based on 100% acreage.

Samedan proposes amending the field rules as follows:

1. The entire correlative interval from 7,802' to 10,170' subsurface depth as shown on the Induction Gamma Ray log of the Samedan Oil Corporation, Hilton Well No. 1,

H. Hilton Survey, A-886, Shelby County, Texas be recognized and designated as the Oliver Creek (Travis Peak) Field.

2. The inclusion of optional 160 acre gas proration units.
3. No changes to existing Rules No. 2 and 4.

This application was initially contested. A hearing was held May 3, 2000, to consider the uncontested expansion of the correlative interval. An Interim Order was adopted by the Commission on May 23, 2000 re-designating the correlative interval of the field. On October 19, 2000, the hearing was reconvened and was uncontested. Both Vastar Resources and Marathon Oil Company supported Samedan's proposed rule amendments.

DISCUSSION OF THE EVIDENCE

The Oliver Creek (Travis Peak) Field was discovered August 1998 by completion of the Samedan Oil Corp., Exxon Fee Lease Well No. 1 through perforations from 8,263' - 8,288' subsurface depth. There are three operators in the field (Samedan, Marathon and Vastar) and six wells. Basic reservoir parameters are: average porosity 10%; average water saturation 32%; average net pay thickness 19 feet. The discovery well, the Exxon Fee Well No. 1, was drilled to only 8,500' total depth. It did not penetrate the entire Travis Peak Formation sequence. The second well drilled, the Samedan Oil, Hilton Well No. 1 was drilled to in excess of 11,000' into the Knowles Lime Formation. Production from the Travis Peak is from a series of discontinuous, lenticular, heterogeneous sand stringers. Some of the sands are correlatable across the area from well to well while others are not and only seen in individual wells. Samedan requests that the entire Travis Peak Formation be designated. It is proposed the entire correlative interval from 7,802' to 10,170' subsurface depth as shown on the Induction Gamma Ray log of the Samedan Oil Corporation, Hilton Well No. 1, H. Hilton Survey, A-886, Shelby County, Texas be recognized and designated as the Oliver Creek (Travis Peak) Field.

Optional 160 acre gas proration unit density will provide for the efficient and effective depletion of the subject field. Cumulative production from the Exxon Fee Well No. 1 is 321.5 MMCF of gas. Production decline analysis estimates the remaining recoverable gas to be 989.9 MMCF of gas for a total ultimate recovery of 1.249 BCF of gas. Volumetric analysis calculates the drainage area for the well to be 117 acres. The well currently produces 450 MCF of gas per day. Using the same analysis, the Samedan - Hilton Well No. 1 will drain 112 acres and the Samedan - Skipper Estate Well No. 1 will drain 154 acres.

No changes are proposed for the minimum well spacing rule nor changes in the allocation formula.

FINDINGS OF FACT

Based on the evidence presented, the examiner proposes the following findings:

1. Notice of this hearing was sent to all operators in the subject field at least ten (10) days prior to the subject hearing.
2. There was no protest at the call of the hearing.
3. The Oliver Creek (Travis Peak) Field was discovered August 1998 by completion of the Samedan Oil Corp., Exxon Fee Lease Well No. 1 through perforations from 8,263' - 8,288' subsurface depth.
 - a. Temporary field rules for the Oliver Creek (Travis Peak) Field that were adopted by Final Order No. 06-0220396 effective December 3, 1998.
 - b. There are three operators in the field (Samedan, Marathon and Vastar) and six wells.
4. The entire correlative interval from 7,802' to 10,170' subsurface depth as shown on the Induction Gamma Ray log of the Samedan Oil Corporation, Hilton Well No. 1, H. Hilton Survey, A-886, Shelby County, Texas be recognized and designated as the Oliver Creek (Travis Peak) Field.
 - a. An Interim Order was adopted by the Commission on May 23, 2000 re-designating the correlative interval of the field from 7,860' to 8,500' subsurface depth as shown on the log of the Exxon Fee lease Well No. 1, F.A. Sherman Survey, A-904, Shelby County
5. One hundred and sixty acre gas proration unit density will provide for the efficient and effective depletion of the subject field.
 - a. Cumulative production from the Exxon Fee Well No. 1 is 321.5 MMCF of gas and currently produces 450 MCF of gas per day..
 - b. Production decline analysis estimates the remaining recoverable gas to be 989.9 MMCF of gas for a total ultimate recovery of 1.249 BCF of gas.
 - c. Volumetric analysis calculates the drainage area for the well to be 117 acres.
 - d. The Samedan - Hilton Well No. 1 will drain 112 acres and the Samedan - Skipper Estate Well No. 1 will drain 154 acres.

CONCLUSIONS OF LAW

1. Proper notice was given to all parties as set out in the provisions of all applicable codes and regulatory statutes.
2. All things have occurred and been accomplished to give the Commission jurisdiction in this matter.
3. Consideration of field rules, a determination of their effectiveness and appropriate actions is a matter within the Commission jurisdiction.
4. Adoption of the temporary field rules as amended will prevent waste, foster conservation and protect correlative rights.

EXAMINER'S RECOMMENDATION

Based on the above findings and conclusions of law, the examiner recommends approval of the proposed field rules Oliver Creek (Travis Peak) Field.

Respectfully submitted,

Thomas H. Richter, P.E.
Technical Examiner
Office of General Counsel