



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL AND GAS DOCKET NO. 7B-0281578

THE APPLICATION OF MOMENTUM OPERATING CO., INC. TO RENUMBER AND AMEND FIELD RULES FOR THE LUEDERS, S. (BLUFF CREEK SD) FIELD, JONES COUNTY, TEXAS

HEARD BY: Richard D. Atkins, P.E. - Technical Examiner
Michael Crnich - Legal Examiner

HEARING DATE: April 19, 2013

APPEARANCES: **REPRESENTING:**

APPLICANT:

Dale E. Miller

Momentum Operating Co., Inc.

EXAMINERS' REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Field Rules for the Lueders, S. (Bluff Creek Sd) Field were adopted in Final Order No. 7B-28,980, effective January 11, 1954. The Field Rules are summarized as follows:

1. 330'-660' well spacing;
2. 10 acre oil units;
3. Allocation based on 75% acres and 25% per well;
4. Surface casing provisions;

Momentum Operating Co., Inc. ("Momentum") requests that the Field Rules be renumbered and amended, as shown below:

1. Designated correlative interval from 1,708 feet to 1,726 feet as shown on the log of the Momentum Operating Co., Inc. - Mrs. S. Monson Lease, Well No. 5R (API No. 42-253-34690);

2. 150'-300' well spacing;
3. 10 acre oil units with optional 2 acre density;
4. Salvage classification with no allowable restrictions.

Momentum also requests that proration unit plats not be required for individual wells, but that Form P-15 be filed to designate the number of acres to be assigned to each well with no maximum diagonal limitation.

The application is unopposed and the examiners recommend that the Field Rules for the Lueders, S. (Bluff Creek Sd) Field be renumbered and amended, as proposed by Momentum.

DISCUSSION OF EVIDENCE

The Lueders, S. (Bluff Creek Sd) Field was discovered in October 1952 at an average depth of 1,700 feet. There are two producing oil wells carried on the proration schedule and Momentum is the only operator in the field. Field Rules currently provide for 330'-660' well spacing and 10 acre oil units. Cumulative production from the field through December 2012 is 181.9 MBO.

There is currently no defined correlative interval for the field. Momentum requests that the field be defined as the correlative interval from 1,708 feet to 1,726 feet as shown on the log of the Momentum Operating Co., Inc. - Mrs. S. Monson Lease, Well No. 5R (API No. 42-253-34690), Section 23, HT&B RR Co. Survey, A-240, Jones County, Texas. The correlative interval includes the entire Bluff Creek Sand formation. From log analysis, Momentum estimated an average porosity of 17%, an average saltwater saturation of 42%, an average net pay thickness of 20 feet and a recovery factor of 40%. The primary drive mechanism is a moderate water drive.

Momentum is re-developing the Lueders, S. (Bluff Creek Sd) Field by drilling infill wells and requests Field Rules that will promote the efficient and effective development of the remaining hydrocarbons. Momentum provided drainage area calculations for all of the nine wells that produced from the field. The drainage areas range from two acres up to a maximum of six acres. The average drainage area was calculated to be approximately three acres and seven of the wells had drainage areas of two acres. Based on the drainage area calculations, Momentum proposes 150'-300' well spacing and 10 acre oil units with optional 2 acre density.

Given the depleted status of the reservoir and an average producing well water cut of 90%, there is no reason to limit production from wells in the field. Momentum requests a salvage classification with no allowable restrictions and that proration unit plats not be required for individual wells, but that Form P-15 be filed to designate the number of acres to be assigned to each well with no maximum diagonal limitation.

FINDINGS OF FACT

1. Notice of this application and hearing was provided to all persons entitled to notice at least ten (10) days prior to the date of the hearing.
2. The Lueders, S. (Bluff Creek Sd) Field was discovered in October 1952 at an average depth of 1,700 feet.
 - a. There are two producing oil wells carried on the proration schedule and Momentum Operating Co., Inc. ("Momentum") is the only operator in the field.
 - b. Field Rules currently provide for 330'-660' well spacing and 10 acre oil units.
3. The Lueders, S. (Bluff Creek Sd) Field should be defined as the correlative interval from 1,708 feet to 1,726 feet as shown on the log of the Momentum Operating Co., Inc. - Mrs. S. Monson Lease, Well No. 5R (API No. 42-253-34690), Section 23, HT&B RR Co. Survey, A-240, Jones County, Texas. The correlative interval includes the entire Bluff Creek Sand formation.
4. Field Rules for the Lueders, S. (Bluff Creek Sd) Field that provide for 150'-300' well spacing and 10 acre oil units with optional 2 acre density are appropriate for the field.
 - a. Momentum is re-developing the Lueders, S. (Bluff Creek Sd) Field by drilling infill wells and requests Field Rules that will promote the efficient and effective development of the remaining hydrocarbons.
 - b. Drainage areas for all of the nine wells that produced from the field range from two acres up to a maximum of six acres.
 - c. The average drainage area was calculated to be approximately three acres and seven of the wells had drainage areas of two acres.

5. Given the depleted status of the reservoir and an average producing well water cut of 90%, there is no reason to limit production from wells in the field. A salvage classification with no allowable restrictions is appropriate for the Lueders, S. (Bluff Creek Sd) Field.
6. The filing of Form P-15 to designate the number of acres to be assigned to each well for proration purposes with no proration unit plats will eliminate unnecessary paperwork.

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. Renumbering and amending the Field Rules for the Lueders, S. (Bluff Creek Sd) Field is necessary to prevent waste, protect correlative rights and promote development of the field.

RECOMMENDATION

Based on the above findings of fact and conclusions of law, the examiners recommend that the Commission renumber and amend the Field Rules for the Lueders, S. (Bluff Creek Sd) Field, as requested by Momentum Operating Co., Inc.

Respectfully submitted,



Richard D. Atkins, P.E.
Technical Examiner



Michael Crnich
Legal Examiner