



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL AND GAS DOCKET NO. 08-0286616

APPLICATION OF V-F PETROLEUM, INC., TO ADOPT FIELD RULES FOR THE
BOOTLEG CANYON (CONNELL) FIELD, PECOS COUNTY, TEXAS

HEARD BY: Paul Dubois – Technical Examiner
Laura Miles-Valdez – Hearings Examiner

DATE OF HEARING: January 30, 2014

APPEARANCES:

Andres J. Trevino, P.E.

REPRESENTING:

V-F Petroleum, Inc.

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

V-F Petroleum, Inc. (V-F) requests that field rules be adopted for the Bootleg Canyon (Connell) Field in Pecos County, Texas. V-F is the only operator in the one-well field. The application is not protested. The examiners recommend adoption of the field rules as proposed by V-F, which are summarized as follows:

- Establish a correlative interval to include the Connell Sand from a depth of 6,434 feet to 6,493 feet as seen on the log of V-F Petroleum's University 7 Well No. 1 (API No. 371-39024).
- 1,320 feet lease line spacing and 2,460 feet between well spacing
- 320 proration units
- 100% deliverability allocation

DISCUSSION OF THE EVIDENCE

V-F's University 7 Well No. 1 was completed on March 6, 2013. The well was permitted for completion in a Wildcat field and was targeting production from the Ellenburger Formation, similar to that of another V-F operated well, the University 6, Well No. 1, about 4,700 feet to the southeast. The University 6 No. 1 is an oil well producing from the Bootleg Canyon (Ellenburger) Field at a depth of 6,858 to 6,918 feet. The University 7 Well No. 1 was drilled to a depth of 6,960 feet, but did not encounter any productive zones within the Ellenburger Formation. Gas was detected in the overlying Connell Sand, and so the well was completed with perforations in this interval from 6,437 feet to 6,453 feet. On initial potential testing the well produced 524 MCF/day gas with a gas-liquid ratio of 174,667 CF/bbl.

V-F applied for a new field designation for the Bootleg Canyon (Connell) Field, which was approved on September 13, 2013. The nearest production is from the Bootleg Canyon (Ellenburger) Field about 4,000 to 4,700 feet to the southeast. Two oil wells in this field (V-F University 6, Well Nos. 1 and 2) produce from the Ellenburger Formation, which underlies the Connell Sand. The nearest Connell Sand production is from the Yucca Butte (Connell) Field, which is 10 to 15 miles to the southeast.

After several months of production, V-F is seeking to adopt field rules, which it believes can be established as permanent rules based on the production characteristics of the field demonstrated to date. The proposed correlative interval for the field corresponds to the top and base of the Connell Sand, which occurs at 6,434 feet to 6,493 feet in the log of the V-F Petroleum University 7 Well No. 1. The correlative interval includes the entire Connell interval, although in this well the net pay was about 7 feet at the top of the interval.

The well has seen very little decline to date, with full-month production rates typically ranging between 17 and 20 MMCF/month (approximately 570 to 670 MCF/day). From July 17 through August 24, 2013, mechanical problems including frozen choke and high line pressures limited production. Following these issues, the well quickly recovered its productivity. To date the well has produced about 112 MMCF gas and 240 bbl condensate. V-F is requesting that wells in the field be allowed to produce based on 100 percent of the G-10 deliverability.

V-F estimates porosity of the main pay interval to be 7 to 15 percent and 35 percent water saturation. The original bottom hole pressure was 2,838 psia. Abandonment pressure is estimated to be 750 psia. V-F estimates recoverable gas reserves of 1,031 MMCF from a drainage area of 321.1 acres. V-F believes 320 acres is an appropriate proration unit size. Lease line spacing of 1,320 feet and between well spacing of 2,640 feet are standard for this unit size. These density and spacing rules are consistent with and similar to those of other Connell fields in the area.

FINDINGS OF FACT

1. Notice of this hearing was sent to all operators in the subject field at least ten (10) days prior to the hearing.
2. The hearing was not protested.
3. The Bootleg Canyon (Connell) Field was discovered in 2013 at a depth of 6,434 to 6,493 feet.
4. The V-F Petroleum University 7 Lease, Well No. 1 produced 524 MCFG/day on initial completion at a gas to liquids ratio of 174,667 CF/bbl.
5. To date the well has produced about 112 MMCF gas and 240 bbl condensate, and continues to produce between 17 and 20 MMCF/month (approximately 570 to 670 MCF/day).
6. The field has a net pay thickness of about 7 feet with porosity ranging from about 7 to 15 percent.
7. V-F estimates that the University 7 No. 1 well has a drainage area of 321.1 acres and an estimated ultimate recovery of about 1 BCF gas.
8. Based on the volumetric calculations, a proration unit size of 320 acres is appropriate.
9. Spacing requirements of 1,320 feet to lease lines and 2,640 feet between well are appropriate.
10. Adopting and making permanent the proposed field rules will reduce waste and protect correlative rights.

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. The proposed field rules will prevent waste, protect correlative rights, and satisfy statutory requirements.

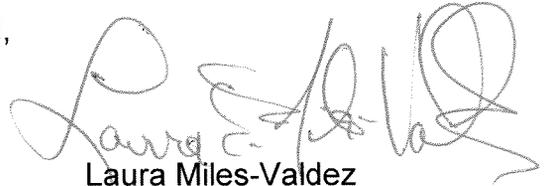
EXAMINERS' RECOMMENDATION

Based on the above findings and conclusions of law, the examiners recommend adoption of the proposed field rules for the Bootleg Canyon (Connell) Field.

Respectfully submitted,



Paul Dubois
Technical Examiner



Laura Miles-Valdez
Hearings Examiner