

OIL AND GAS DOCKET NO. 08-0268002

THE APPLICATION OF TEXAS CRUDE OPERATOR, INC. TO ADOPT FIELD RULES FOR THE BOURLAND (SAN ANDRES) FIELD, ECTOR COUNTY, TEXAS

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

DATE OF HEARING: December 1, 2010

APPEARANCES:

REPRESENTING:

APPLICANT:

John Soule
Dale McCarter

Texas Crude Operator, Inc.

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Texas Crude Operator, Inc. ("Texas Crude") requests that Field Rules be adopted for the Bourland (San Andres) Field. The proposed rules are summarized as follows:

1. Designation of the field as the correlative interval from 3,820 feet to 5,210 feet as shown on the log of the Pennwell Energy Inc. - Tex Lease, Well No. 1 (API No. 42-135-36345);
2. 330'-467' well spacing;
3. 40 acre oil units with optional 10 acre density;
4. Allocation based on 50% acreage and 50% per well with a top allowable of 93 BOPD.

This application was unopposed and the examiner recommends that the Field Rules proposed by Texas Crude be adopted for the Bourland (San Andres) Field.

DISCUSSION OF EVIDENCE

The Bourland (San Andres) Field was discovered in July 1952 at an average depth

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of 4,350 feet. The field operates under Statewide Rules and Texas Crude is the only operator in the field. There are 7 producing oil wells and one injection well carried on the proration schedule. Cumulative production from the field through August 2010 is 1.2 MMBO and 972.8 MMCFG.

There is currently no defined field interval for the field. Texas Crude requests that the field be defined as the correlative interval from 3,820 feet to 5,210 feet as shown on the log of the Pennwell Energy Inc. - Tex Lease, Well No. 1 (API No. 42-135-36345), Section 21, Block 44, T-3-S, T&P RR Co. Survey, Ector County, Texas. This interval includes all of the Grayburg and San Andres formations.

The Bourland (San Andres) Field has been unitized and all of the wells are located on the Edwards Unit. The unit is located approximately 15 miles southwest of Odessa, Texas, and encompasses approximately 960 acres. From the available core data on seven wells, Texas Crude calculated an 8% porosity, a 35% water saturation, an average net pay thickness of 24 feet, and an original oil in place of 8.2 MMBO. The primary drive mechanism is a solution gas drive and the recovery to date has been 14.3% of the original oil in place.

Texas Crude is planning on drilling infill wells and requests 330'-467' well spacing and 40 acre oil units with optional 10 acre density. Using the ultimate recoveries from two plugged wells, Texas Crude calculated drainage areas of 18 and 31 acres for the two wells. Texas Crude also requests that the allocation formula be based on 50% acreage and 50% per well with a top allowable of 93 BOPD.

FINDINGS OF FACT

1. Notice of this hearing was given to all persons entitled to notice and no protests were received.
2. The Bourland (San Andres) Field was discovered in July 1952 at an average depth of 4,350 feet. The field operates under Statewide Rules.
3. Texas Crude is the only operator in the field and there are 7 producing oil wells and one injection well carried on the proration schedule.
4. The Bourland (San Andres) Field should be defined as the correlative interval from 3,820 feet to 5,210 feet as shown on the log of the Pennwell Energy Inc. - Tex Lease, Well No. 1 (API No. 42-135-36345). This interval includes all of the Grayburg and San Andres formations.
5. From the available core data on seven wells, Texas Crude calculated an 8% porosity, a 35% water saturation, an average net pay thickness of 24 feet, and an original oil in place of 8.2 MMBO.

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6. The primary drive mechanism is a solution gas drive and the recovery to date has been 14.3% of the original oil in place.
7. Using the ultimate recoveries from two plugged wells, Texas Crude calculated drainage areas of 18 and 31 acres for the two wells.
8. Well Spacing of 330'-467' and 40 acre oil units with optional 10 acre density is appropriate for the field.
9. Allocation based on 50% acreage and 50% per well with a top allowable of 93 BOPD is a reasonable formula which will protect correlative rights and meet statutory requirements.

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. Adoption of the proposed Field Rules for the Bourland (San Andres) 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 examiner recommends that the Commission adopt the Field Rules for the Bourland (San Andres) Field, as proposed by Texas Crude Operator, Inc.

Respectfully submitted,

Richard D. Atkins, P.E.
Technical Examiner