
THE APPLICATION OF SHARP IMAGE ENERGY, INC. FOR FIELD RULES FOR THE SHARP IMAGE ROSCOE (STRAWN) FIELD, NOLAN COUNTY, TEXAS

Heard by: Margaret Allen, Technical Hearings Examiner

Procedural history

Application received: May 24, 2002

Hearing held: June 26, 2002

Appearances

Dale Miller

Representing

Sharp Image Energy, Inc.

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Sharp Image Energy, Inc. is seeking the following temporary field rules for the Sharp Image Roscoe (Strawn) Field:

1. Designated interval from 6050' to 6200' as shown on the log of the South Roscoe Lease, Well No. 1;
2. well spacing of 660-1320 feet;
3. 80-acre oil proration units with a maximum diagonal of 3250 feet; and
4. allocation based on acreage.

DISCUSSION OF THE EVIDENCE

The Sharp Image Roscoe (Strawn) Field was discovered in January of 2002, with the completion of the only well in the field, the Sharp Image Energy, Inc. South Roscoe Lease Well No. 1. The well was first completed as a dual completion in the Strawn (perforations from 6052' to 6056') and in the Mississippian (perforations from 6512' to 6530'). These two producing intervals were downhole commingled May 9, 2002, and the well is carried in the Sharp Image Roscoe (Strawn) Field.

The initial reservoir pressure in the Strawn was 2054 psi, and initial Strawn potential of the discovery well was 100 BOPD, and 325 MCF/D, with no water. The well averaged 17 to 25 BOPD and 90 MCF/D, prior to commingling. A submersible pump was then installed and the well's commingled production began at 70 BOPD. Production has since declined to 40 BOPD and 100 MCF/D, and cumulative production is 3000 BO and 11 MMCF of gas. The Mississippian completion is marginal and estimated to be producing 5 to 10 BOPD and 100 BWP/D.

The net pay in the Strawn in Well No. 1 is 30 feet, the porosity is 9% and the water saturation is 38%. Assuming an economic limit of 2 BOPD with a recovery factor of 17%, there are 53 barrels of recoverable oil per acre-foot. Based on these parameters there are 126,000 barrels of recoverable oil underneath 80 acres in this field. The applicant believes that the annual decline rate will be 10%, resulting in ultimate production of 117,000 BO and a drainage area of 74 acres.

The producing interval in the Sharp Image Roscoe (Strawn) Field extends from 6050' to 6200' in the discovery well. Well spacing of 660' from lease lines and 1320' between wells is standard for 80 acre density. Allocation based on acreage will protect correlative rights.

FINDINGS OF FACT

1. On June 6, 2002, notice of this hearing was given to Sharp Image Energy, Inc., the only operator in the Sharp Image Roscoe (Strawn) Field, and to all offset operators and unleased mineral interest owners to the discovery tract.
2. The Sharp Image Roscoe (Strawn) Field was discovered in January, 2002, at a depth of 6056 feet, and the top allowable is currently 200 BOPD.
3. The only well in the field, the Sharp Image Energy, Inc. South Roscoe Well No. 1 was perforated from 6052' to 6056' in the Strawn and from 6512' to 6530' in the Mississippian.
4. The initial reservoir pressure in the Strawn was 2054 psi, and the initial Strawn potential of the discovery well was 100 BOPD and 325 MCF/D, with no water.
5. The Strawn and Mississippian were downhole commingled in the discovery well and the current production is 40 BOPD and 100 MCF/D.
6. The Mississippian is marginal and is estimated to be contributing only 5 to 10 BOPD, along with 100 BWPD.
7. Density of 80 acres per oil well is appropriate for temporary rules governing the subject field.
 - a. Volumetric calculations indicate that there are 126,000 barrels of recoverable oil underneath 80 acres.
 - b. The Sharp Image Energy, Inc. South Roscoe Well No. 1 has cumulative production of 3000 BO and 11 MMCF of gas.
 - c. Assuming the South Roscoe Well No. 1 declines 10% annually, it will ultimately produce 117,000 BO.
8. Well spacing of 660'-1320' is standard for 80 acre proration units.
9. The producing Strawn extends from 6050' to 6200' as shown on the log of the only producing well in the field.

10. Allocation based on acreage will protect correlative rights.

CONCLUSIONS OF LAW

1. Proper notice was given as required by statute.
2. All things have been done or occurred to give the Railroad Commission jurisdiction to resolve this matter.
3. The requested temporary field rules will prevent waste, protect correlative rights and promote orderly development of the field.

EXAMINER'S RECOMMENDATION

Based on the above findings and conclusions, the examiner recommends that the requested temporary rules for the Sharp Image Roscoe (Strawn) Field be approved per a period of 18 months, as per the attached order.

Respectfully submitted,

Margaret Allen
Technical Hearings Examiner

Date of Commission Action: July 9, 2002