

**THE APPLICATION OF ALTA MESA SERVICES, L.P. TO CONSIDER A SALVAGE CLASSIFICATION FOR THE INDIAN POINT (UPPER FRIO CONS.) FIELD, NUECES COUNTY, TEXAS**

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**Heard by:** Andres J. Trevino, P.E. Technical Examiner

**Hearing Date:** April 25, 2007

**Appearances:**

Mimi Winetroub

**Representing:**

Alta Mesa Services, L.P.

**EXAMINER'S REPORT AND RECOMMENDATION**

**STATEMENT OF THE CASE**

Alta Mesa Services, L.P. requests that a salvage classification for the Indian Point (Upper Frio Cons) Field be granted and that all overproduction in the field be canceled.

This application was unopposed and the examiner recommends approval.

**DISCUSSION OF THE EVIDENCE**

Alta Mesa Services, L.P. is the only operator of the Indian Point (Upper Frio Cons) Field and is attempting to restore production from this depleted field. The Indian Point (Upper Frio Cons) Field was established after consolidating thirteen non-associated gas fields, eight oil fields, and three associated fields as adopted in Final Order 04-0249171 effective December 19, 2006. The individual fields were discovered beginning in the 1960's. The field is in the late stages of depletion, with bottomhole pressures down to about 2,000 psi.

A total of 38 wells have been completed in the various Frio sands. There is one active gas well and three active oil wells in the field. Cumulative production from the field is about 43 BCF of gas and 815,000 BC. Almost one-half of the production is from the Indian Point (F-9 9400) sand, which has produced 19.7 BCF of gas.

The Field is located over water in Nueces Bay requiring Alta Mesa to make a substantial investment in laying new pipelines connecting wells to the shoreline and recompleting the wells to produce. Alta Mesa has plans to recomplete additional wells and

may re-enter plugged wells in the field. The recompleted wells may produce from multiple Frio sands at the same time, which will initially produce at rates above current allowable. To offset the high operating costs associated with off-shore wells, Alta Mesa seeks to recover the maximum reserves possible.

As oil wells, the wells received an allowable of 172 BOPD and 344 MCFD. Between January and March 2007, the wells accumulated casinghead gas overproduction of about 39.9 MMCF. The wells are currently producing about 358-648 MCFD and 3 -130 BOPD. Given the depleted status of the reservoir, there is no reason to limit production from this field.

**FINDINGS OF FACT**

1. Notice was issued to all affected persons at least ten (10) days prior to the date of the hearing.
2. The Indian Point (Upper Frio Cons) Field was consolidated from 24 individual Frio sand oil and gas fields originally discovered in the 1960's There are currently three active oil wells and one gas well in the field.
3. The field is located over water in the Nueces Bay and requires significantly higher investment and operating costs than onshore fields.
4. The field is substantially depleted.
  - a. Each of the three oil wells and the one gas well produces 345-648 MCFD and 2-130 BOPD.
  - b. The current bottomhole pressure in the field is about 2000 psi.
5. As oil wells, the wells received an allowable of 172 BOPD and 344 MCFD beginning in January 2007
6. Alta Mesa may recomplete wells to produce from multiple Frio sands at the same time, which will initially produce at rates above current allowable.
7. Given the depleted status of the reservoir, there is no reason to limit production from this field.
8. Between January and March 2007, the wells accumulated casinghead gas overproduction of about 39.9 MMCF.

**CONCLUSIONS OF LAW**

1. Proper notice was timely issued to all persons legally entitled to notice.
2. All things have been accomplished to give the Commission jurisdiction in this matter.
3. Limiting production from the field is not necessary to prevent waste and therefore salvage classification is appropriate to recover remaining reserves.
4. Cancellation of overproduction in the field will not harm correlative rights.

**EXAMINER'S RECOMMENDATION**

Based on the above findings and conclusions of law, the examiner recommends that the Indian Point (Upper Frio Cons) Field be classified as salvage exempt. It is also recommended that all overproduction in the field be canceled.

Respectfully submitted,

Andres J. Trevino, P.E.  
Technical Examiner