

THE APPLICATION OF FAMCOR OIL, INC. TO CONSOLIDATE TWO WICKIZER WILCOX FIELDS AND CONSIDER PERMANENT FIELD RULES FOR THE (PROPOSED) WICKIZER (WX CONS) FIELD, MONTGOMERY COUNTY, TEXAS

Heard by: Andres J, Trevino, P.E. on August 4, 2010

Appearances:

Tim George
Mimi Winetroub

Representing:

Famcor Oil, Inc.

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Famcor Oil, Inc. requests that the Wickizer (Wilcox 10,800) Field and the Wickizer (Wilcox 11,600) Field be consolidated into a new field to be known as the Wickizer (Wx Cons) Field. Famcor requests that the following rules be adopted for the consolidated field:

1. Designated interval from 9,488 feet to 13,850 feet as shown on the log of the Standard Oil Co. of Texas, Dorothy Anderson et al Unit No. 1;
2. Well spacing a minimum of 467 feet from lease lines with no between-well spacing limitation;
3. 40 acre drilling units, no plats;
4. Allocation based 5% per well and 95% deliverability; Continuation of AOF status

This application was unopposed and the examiner recommends approval of Famcor's request for field consolidation and field rules.

DISCUSSION OF THE EVIDENCE

The two fields which are the subject of this hearing were discovered between 1996 and 1998. The fields include Wilcox sand reservoirs which are in the late stage of depletion. Both fields operate under Statewide Rules and are all non-associated gas fields.

There are a total of three wells listed on the proration schedules for the two fields and four other wells classified as dry holes which have penetrated the Wilcox that may be recompleted as productive wells. Famcor operates all gas wells in the fields. Cumulative production from the fields is about 3.6 BCF of gas and 75,106 BC.

Famcor will drill additional wells within the depleted reservoirs targeting the various undrained sands within the consolidated interval. The sands are lenticular, thin and of varying reservoir quality. Some of the reservoirs have partial water drives. Additionally, the sands are faulted within the area. Famcor plans to re-enter and recomplete existing wells determined to be "dry holes" in the early 1960's. Famcor will use current fracture stimulation techniques not available in the early 1960's to stimulate recompleted wells into production. Reducing the between-well spacing requirement will provide opportunities for infill drilling without the need for Rule 37 exceptions.

Famcor requests a density rule of 40 acres for the consolidated field due to the small areal extent of the fault blocked sand reservoirs. Currently all fields have 40 acre statewide density.

Famcor requests that the consolidated field be designated as the interval from 9,488 feet to 13,850 feet as shown on the log of the Standard Oil Co. of Texas, Dorothy Anderson et al Unit No. 1. Consolidation of the various sands into a single field will result in the recovery of additional reserves which would otherwise be uneconomic.

The proposed consolidated field will consist of numerous sands. A two factor allocation formula based on 95% deliverability and 5% per well is requested for the consolidated field to meet statutory requirements.

Famcor requests continued suspension of allocation formula. There is 100% market demand for the gas and given the depleted status of the reservoirs, there is no reason to limit production.

FINDINGS OF FACT

1. Notice of this hearing was sent to all persons legally entitled to notice at least ten days prior to the date of hearing.
2. The subject Wickizer Wilcox fields proposed for consolidation were discovered between 1996 and 1998. Both of the fields are non-associated gas fields and are operated by Famcor.
3. The two fields produce from up to 14 different Wilcox pay zones which are faulted, thin lenticular sands of limited areal extent in the late stages of depletion.
4. Both fields operate under Statewide field density of 40 acres.
5. Consolidation of the fields will not harm any of the reservoirs because of the similar reservoir and fluid properties.
6. Consolidation of the fields will result in the recovery of additional reserves

from the various fields as a result of a lower combined economic limit.

7. The Wickizer (Wx Cons) Field should be designated as the correlative interval from 9,488 feet to 13,850 feet as shown on the log of the Standard Oil Co. of Texas, Dorothy Anderson et al Unit No. 1.
8. The proposed 467'0" well spacing rule for the consolidated field will provide flexibility in drilling infill wells for completion in the various lenticular, faulted Wilcox sands without the need for Rule 37 exceptions.
9. A density rule providing for 40 acre density is appropriate for the consolidated field to better target potential reserves within the various small, fault blocked sands.
10. Allocation based 5% per well and 95% on deliverability will protect correlative rights and satisfy statutory requirements.
11. Both fields operate with 100% AOF. The allocation formula has been suspended in the fields beginning in 1998.

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. Consolidation of the fields as proposed by Famcor Oil, Inc. is necessary to prevent waste and protect correlative rights.
4. The proposed field rules will prevent waste, protect correlative rights, and satisfy statutory requirements.

EXAMINER'S RECOMMENDATION

Based on the above findings and conclusions, the examiner recommends that the two subject fields be consolidated into a new field to be known as the Wickizer (Wx Cons) Field and that the requested field rules be adopted for the consolidated field.

Respectfully submitted,

Andres J. Trevino, P.E.
Technical Hearings Examiner