

THE APPLICATION OF KERR-MCGEE OIL & GAS ONSHORE LP TO CONSOLIDATE THE FROST (6800 VICKSBURG) FIELD INTO THE BRAULIA, EAST (VICKSBURG CONS.) FIELD, STARR COUNTY, TEXAS

Heard by: Donna K. Chandler on October 12, 2007

Appearances:

Ana Maria Marsland-Griffith
David Christian

Representing:

Kerr-McGee Oil & Gas Onshore LP

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Kerr-McGee Oil & Gas Onshore LP requests that the Frost (6800 Vicksburg) Field be consolidated into the Braulia, East (Vicksburg) Field. Kerr-McGee also requests that the field rules for the Braulia, East (Vicksburg) Field be amended.

The fields currently in effect for the Braulia, East (Vicksburg) Field were adopted in Oil and Gas Docket No. 04-0248559, effective September 12, 2006, and are summarized as follows:

1. Designation of the field as the correlative interval from 5,112 feet to 9,784 feet as shown on the log of the Chapotal Land Co. -A- No. 29;
2. 467'-0' well spacing;
3. 40 acre drilling units;
4. Allocation based on 95% deliverability and 5% per well and AOF status.

Kerr-McGee requests that the rules be amended as follows:

1. Designation of the field as the correlative interval from 4,436 feet in the L & L Garcia No. A-21 to 9,824 feet as shown on the log of the Chapotal Land Co. -A- No. 29;

2. 330'-0' well spacing;
3. 40 acre/optional 20 acre units with no maximum diagonal limitations and elimination of requirements to file Form P-15 and plat.
4. No change in allocation formula; Form G-10 tests annually.

This application was unopposed and the examiner recommends approval of the field consolidation and amended field rules for the Braulia, East (Vicksburg) Field as proposed by Kerr-McGee.

DISCUSSION OF THE EVIDENCE

The Braulia, East (Vicksburg Cons.) Field was formed in September 2006 with the consolidation of five Vicksburg Fields. The field was designated as the correlative interval from the top of the Rincon to the base of the Vicksburg (glide plane or top of Eocene). Kerr-McGee requests that the field interval be expanded to include additional Vicksburg formation to the base of the Frio, and to slightly change the base of the interval to add 40 feet. The correlative interval is requested to be from 4,436 feet in the L & L Garcia No. A-21 to 9,824 feet as shown on the log of the Chapotal Land Co. -A- No. 29.

There are 23 producing gas wells in the Braulia, East (Vicksburg Cons.) Field and two producing gas wells in the Frost (6800 Vicksburg) Field. Kerr-McGee is the only operator in both fields. The two wells carried in the Frost (6800 Vicksburg) Field are only about 1,000 feet to the north of the wells carried in the Braulia, East (Vicksburg Cons.) Field and produce from the same correlative Vicksburg sand members.

The Vicksburg in this area is highly faulted and is composed of numerous lenticular sands. The Braulia, East area is near the Rincon (Vicksburg Consolidated) Field. The Rincon (Vicksburg Consolidated) is already designated to include the entire Vicksburg section. There are many other consolidated Vicksburg fields in the area.

The rules for the Braulia, East (Vicksburg Cons.) Field provide for 467'-0' well spacing and 40 acre drilling units. Kerr-McGee requests that the rules be amended to provide for optional 20 acre density and 330'-0' well spacing. These changes would allow Kerr-McGee to further develop the various separate Vicksburg fault blocks which are not being produced by current wells.

Kerr-McGee calculated drainage areas for 19 wells. These wells are perforated in various sand members and have net pay ranging from 12 feet to over 100 feet. The calculated drainage areas range from less than 5 acres to over 100 acres, with an average of about 20 acres for the 19 wells.

Kerr-McGee also requests that G-10 tests be required only on an annual basis instead of semi-annually as required by Rule 28. The time and expense associated with testing twice a year is not necessary to assign allowable or protect correlative rights.

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 fields currently in effect for the Braulia, East (Vicksburg) Field were adopted in Oil and Gas Docket No. 04-0248559, effective September 12, 2006, and provide for a designated interval, 467'-0' well spacing, 40 acre drilling units and allocation based on 95% deliverability and 5% per well, with AOF status.
3. The Braulia, East (Vicksburg Cons.) Field was formed in September 2006 with the consolidation of five Vicksburg Fields. The field was designated as the correlative interval from 5,112 feet to 9,784 feet as shown on the log of the Chapotal Land Co. -A- No. 29. This interval is from the top of the Rincon to the base of the Vicksburg (glide plane or top of Eocene).
4. In order to include the entire Vicksburg formation similar to other consolidated fields in the area, the field interval should be expanded and be defined as the correlative interval from 4,436 feet in the L & L Garcia No. A-21 to 9,824 feet as shown on the log of the Chapotal Land Co. -A- No. 29.
5. Kerr-McGee operates the 23 wells in the Braulia, East (Vicksburg Cons.) Field and the two wells in the Frost (6800 Vicksburg) Field. Both fields are non-associated fields.
6. Consolidation of the two fields is appropriate because wells in the fields are only about 1,000 feet apart and produce from the same correlative Vicksburg sand members.
7. The proposed optional 20 acre density rule and 330'-0' well spacing rule will flexibility in developing the various lenticular Vicksburg sand members and produce reserves from separate fault blocks which would otherwise not be recovered. The average drainage area for 19 wells studied is 20 acres.

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 Frost (6800 Vicksburg Cons.) Field into the Braulia, East (Vicksburg Cons.) Field is necessary to prevent waste and protect correlative rights.
4. Amending the field rules for the Braulia, East (Vicksburg Cons.) Field 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 Frost (6800 Vicksburg Cons.) Field be consolidated into the Braulia, East (Vicksburg Cons.) Field and that the field rules for the Braulia, East (Vicksburg Cons.) Field be amended as proposed by Kerr-McGee.

Respectfully submitted,

Donna K. Chandler
Technical Hearings Examiner