

THE APPLICATION OF APACHE CORPORATION TO CONSOLIDATE VARIOUS LA BLANCA FIELDS INTO THE (PROPOSED) LA BLANCA (FRIO CONSOLIDATED) FIELD AND TO CONSIDER FIELD RULES FOR THE (PROPOSED) LA BLANCA (FRIO CONSOLIDATED) FIELD, HIDALGO COUNTY, TEXAS

Heard by: Andres J, Trevino, P.E. on December 2, 2010

Appearances:

Thomas H. (Buddy) Richter, P.E.

Representing:

Apache Corporation

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Apache Corporation requests that 10 La Blanca Fields listed in Attachment "A" be consolidated into a new field to be known as the La Blanca (Frio Consolidated) Field.

Apache requests that the following rules be adopted for the consolidated field:

1. Designated interval from 6,500 feet to 8,200 feet as shown on the Schlumberger Array induction log of the Shell Western Exploration and Production Inc., La Blanca GU Well No. 44;
2. Well spacing a minimum of 467 feet from lease lines with no between-well spacing limitation, 40 acre drilling units;
3. Allocation based 5% per well and 95% deliverability and allocation formula to be suspended;

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

DISCUSSION OF THE EVIDENCE

The 10 fields which are the subject of this hearing were discovered beginning in 1939. The fields include Frio sands which are in the late stage of depletion. All 10 fields are non-associated gas fields and most operate under Special Rules for spacing and density.

There are a total of 25 wells listed on the proration schedules for the various fields with about 13 actively producing completions, the remainder of the completions are shut-in, temporarily abandoned or partially plugged. Three of the ten fields currently have one

or no wells on the proration schedule. A total of 30 wellbores have been completed in the fields and cumulative production from the fields is about 224.5 BCF of gas and 487,801 barrels of condensate. The fields currently produce 1,035 MCF gas per day from 13 wells or an average of 79.6 MCFPD per well. Apache plans to recomplete existing wells in the field and produce any additional reserves encountered. The additional production will also assist in unloading the existing wells of fluid that currently restricts gas production.

Apache requests that the consolidated field be designated as the interval from 6,500 feet to 8,200 feet as shown on the Schlumberger Array induction log of the Shell Western Exploration and Production Inc., La Blanca GU Well No. 44. Consolidation of the various sands into a single field will result in the recovery of additional reserves, which would otherwise be uneconomic, by producing multiple reservoirs simultaneously. In March 1986, a Commission Order approved the commingling of eight La Blanca Fields in the La Blanca Gas Unit Well Nos. 5 and 33. Technical data submitted, supported the need to commingle the depleting reservoirs.

The uphole reserves will likely be uneconomic to produce individually. Eliminating the between-well spacing requirement will provide opportunities for infill drilling without the need for Rule 37 exceptions.

Apache requests 40 acre drilling units for the consolidated field as any future wells completed in the interval will most likely produce from nearly depleted zones and remaining accumulations will likely be less than 40 acres. Currently most fields have 160 acre density. Production data shows wells have produced between 2.0 MMCF to 15.7 BCF of gas each. The variability of cumulative production per well is due to the nature of the thin, lenticular, stacked Frio sandstones.

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.

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 fields proposed for consolidation were discovered beginning in 1939. All of the fields are non-associated gas fields and there are 13 producing wells in the fields at this time.
3. The 10 fields produce from Frio sands which are faulted, lenticular and in the late stages of depletion.
4. Consolidation of the fields will not harm any of the reservoirs because of the similar reservoir and fluid properties as many of the zones are currently being

commingled.

5. In March 1986, a Commission Order approved the commingling of eight La Blanca Fields in the La Blanca Gas Unit Well Nos. 5 and 33.
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 La Blanca (Frio Consolidated) Field should be designated as the correlative interval from 6,500 feet to 8,200 feet as shown on the Schlumberger Array induction log of the Shell Western Exploration and Production Inc., La Blanca GU Well No. 44.
8. The proposed 467'0' well spacing rule for the consolidated field will provide flexibility in drilling infill wells for completion in the various undrained, faulted Frio sands without the need for Rule 37 exceptions.
9. A density rule providing for 40 acre density is appropriate for the consolidated field as most of the reserves have been drained and any remaining reserves will be in accumulations smaller than 40 acres.
10. Allocation based 5% per well and 95% on deliverability will protect correlative rights and satisfy statutory requirements.
11. All fields are currently producing at 100% AOF.

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 Apache Corporation 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 four subject fields be consolidated into a new field to be known as the La Blanca (Frio Consolidated) Field and that the requested field rules be adopted for the consolidated field.

Respectfully submitted,

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

Attachment "A"

<u>Field Name</u>	<u>Field Number</u>
LA BLANCA, (6600)	50658 110
LA BLANCA, (6700 10-A)	50658 165
LA BLANCA, (7150)	50658 275
LA BLANCA, (7310)	50658 300
LA BLANCA, (7400 11-A)	50658 330
LA BLANCA, (7500 11-B)	50658 385
LA BLANCA, (7700 11-C)	50658 440
LA BLANCA, (7750 12-A)	50658 495
LA BLANCA, (8000 13-A)	50658 660
LA BLANCA, (8100 13-C)	50658 715