

THE APPLICATION OF VALANCE OPERATING COMPANY TO CONSOLIDATE THE SIMSBORO, N. (BOSSIER SD), SIMSBORO, N. (COTTON VALLEY), SIMSBORO, N. (COTTON VALLEY C), REED (HAYNESVILLE CONS) FIELDS INTO THE TEAGUE (CV-BOSSIER CONS.) FIELD, FREESTONE COUNTY, TEXAS

Heard by: Andres J. Trevino, P.E. on September 12, 2007

Appearances:

Rick Johnston

Representing:

Valance Operating Company

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Valance Operating Company requests that the Simsboro, N. (Bossier SD), Simsboro, N. (Cotton Valley), Simsboro, N. (Cotton Valley C), Reed (Haynesville Cons) Fields be consolidated into the Teague (CV-Bossier Cons.) Field. Valance requests no changes to the field rules for the Teague (CV-Bossier Cons.) Field.

This application was unopposed and the examiner recommends approval of the requested field consolidation.

DISCUSSION OF THE EVIDENCE

The Teague (CV-Bossier Cons.) Field was created by consolidation in 2006 by Oil & Gas Docket Order No. 05-0246979. There are more than 470 wells carried in the field, all operated by Valance Operating Company and thirteen other operators. The designated interval for the field is from 10,357 feet to 12,728 feet as shown on the log of the Cosson Gas Unit No. 2. The field rules provide for 640 acre/optional 20 acre density and 467'-600' well spacing. The field is AOF status.

The Reed (Haynesville Cons.) Field was created by consolidation in May 2005 by Oil & Gas Docket Order No. 05-0242507. The field produces from the Cotton Valley C, Bossier Sand and the Cotton Valley Lime. Initial production began in 1976. There are 105 wells carried in the field. The field has cumulative production of 165.2 BCF and 268.7 MBO. The field operates with 467'/1200' spacing and a well density of 640acre gas units with optional 40 acre units.

The Simsboro, N. (Cotton Valley) Field was discovered in October 1977. There are 5 wells carried in the field. The field has cumulative production of 18.0 BCF and 60.4 MBO.

The field operates with 660'/1320' spacing and a well density of 640 acre gas units with optional 320 acre units.

The Simsboro, N. (Bossier Sd.) Field was discovered in October 1977. There are 5 wells carried in the field. The field has a cumulative production of 9.2 BCF and 15.4 MBO. The field operates with 467'/1200' spacing and a well density of 640 acre gas units with optional 80 acre units.

The Simsboro, N. (Cotton Valley C) Field was discovered in September 1985. There is 1 active well carried in the field. The field has cumulative production of 466.4 MMCF and 26.4 MBO. The field operates with 467'/1200' spacing and a well density of 40 acre gas units.

Over the years, the fields have "grown together" and field designations overlap. Wells in the five fields produce from the same correlative interval. Consolidating the fields will promote the orderly development of the reservoirs by having uniform field rules.

FINDINGS OF FACT

1. Notice of this hearing was given to all persons entitled to notice and there were no protests.
2. The Teague (CV-Bossier Cons.) Field was created by consolidation in May 2005 by Oil & Gas Docket Order No. 05-0242507. The field rules for the field provide for 467'-600' well spacing and 40 acre/optional 20 acre density.
3. The designated interval for the Teague (CV-Bossier Cons.) Field is from 10,357 feet to 12,728 feet as shown on the log of the Cosson GU No. 1.
4. The Reed (Haynesville Cons.) Field was created by consolidation in May 2005 by Oil & Gas Docket Order No. 05-0242507 and first produced in 1976. The field operates with 467'/1200' spacing and a well density of 640acre gas units with optional 40 acre units.
5. The Simsboro, N. (Cotton Valley) Field was discovered in October 1977. The field operates with 660'/1320' spacing and a well density of 640 acre gas units with optional 320 acre units.
6. The Simsboro, N. (Bossier Sd.) Field was discovered in October 1977. The field operates with 467'/1200' spacing and a well density of 640 acre gas units with optional 80 acre units.
7. The Simsboro, N. (Cotton Valley C) Field was discovered in September 1985. The field operates with 467'/1200' spacing and a well density of 40 acre gas units.

8. Over the years, the fields have “grown together”. Wells in the five fields produce from the same correlative interval.

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 Valance Operating Company is necessary to prevent waste and protect correlative rights.

EXAMINER’S RECOMMENDATION

Based on the above findings and conclusions, the examiner recommends that the Simsboro, N. (Bossier SD), Simsboro, N. (Cotton Valley), Simsboro, N. (Cotton Valley C), Reed (Haynesville Cons) Fields be consolidated into the Teague (CV-Bossier Cons.) Field and that no changes be made to the field rules for the Teague (CV-Bossier Cons.) Field.

Respectfully submitted,

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