

THE APPLICATION OF VIRTEX OPERATING COMPANY, INC. TO CONSOLIDATE THE DOERING RANCH (BUDA) AND CALVERT (BUDA) FIELDS INTO THE DOERING RANCH (GEORGETOWN) FIELD, AND TO ADOPT FIELD RULES FOR THE DOERING RANCH (GEORGETOWN) FIELDS, DIMMIT AND FRIO COUNTIES, TEXAS

Heard by: Donna K. Chandler on February 5, 2009

Appearances:

Dale Miller

Representing:

Virtex Operating Company, Inc.

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Virtex Operating, Inc. requests that the Doering Ranch (Buda) and Calvert (Buda) Fields into the Doering Ranch (Georgetown) Field and to adopt field the following rules for the Doering Ranch (Georgetown) Field:

1. Designated interval from 6,190 feet to 6,530 feet as shown on the log of the R. K. Harlan No. 8;
2. 467'-1,200' well spacing;
3. 320/optional 40 acre gas units; 80/optional 40 acre oil units;
4. Allocation based 5% per well and 95% acreage, with AOF status.

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

DISCUSSION OF THE EVIDENCE

The Doering Ranch (Buda) Field was discovered in 1976. This field is an associated gas field with 10 producing gas wells. There are currently no producing oil wells in the field. The field operates under rules providing for 467'-1,320' well spacing, 80/optional 40 acre oil units and multiple 49(b) status allowing the assignment of up to 320 acres to gas wells. Virtex is the only operator in the field.

The Calvert (Buda) Field was also discovered in 1976. This field is an associated field with 2 gas wells on the current proration schedule and no oil wells. The field operates under Statewide Rules and Virtex is the only operator in the field.

The Doering Ranch (Georgetown) Field was discovered in 2006 and is a non-associated gas field with 5 producing wells, all operated by Virtex. The field operates under Statewide Rules and is AOF status.

A total of 22 completions have been made in the three fields. Several wells have had completions in both Doering Ranch (Buda) and Doering Ranch (Georgetown) Fields. The two wells which have been completed in the Calvert (Buda) Field are a couple of miles from the Doering Ranch wells, but the Buda is correlative.

Cumulative production from the three fields is 8.6 BCF of gas and 58,000 BO. The most prolific field is the Doering Ranch (Buda) Field, with over 6.3 BCF of gas. Almost all of the wells currently producing from the fields have G-10's of less than 200 MCFD.

The proposed consolidated field is from the top of the Buda to the base of the Georgetown. This interval is from 6,190 feet to 6,530 feet as shown on the log of the R. K. Harlan No. 8. Consolidation of these two reservoirs into a single field will result in the recovery of additional reserves due to a lower combined economic limit. Virtex estimates that with the proposed consolidation, incremental reserves of 52 MMCF per well will be recovered.

Virtex presented volumetric calculations for both the Georgetown and Buda. For the Georgetown, average porosity is 9% and average water saturation is 60%, with an average net pay of 30 feet. Recoverable reserves beneath 80 acres are 503 MMCF of gas. For the Buda, average porosity is 6% and average water saturation is 40%, with an average net pay of 49 feet. Recoverable reserves beneath 80 acres are 833 MMCF of gas. Drainage areas calculated for 15 wells in the Buda range from less than 10 acres to 181 acres. Estimated ultimate recoveries for these wells range from less than 50 MMCF to almost 2 BCF. For the Georgetown, estimated ultimate recoveries range from less than 10 MMCF to over 600 MMCF. The calculated drainage areas for 6 Georgetown completions range from less than 10 acres to 98 acres.

A two factor allocation formula based on 95% acreage and 5% per well is requested for the consolidated interval to meet statutory requirements. Additionally, Virtex requests that the AOF status be continued for the Doering Ranch (Georgetown) Field.

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 Doering Ranch (Buda) Field was discovered in 1976 and there are ten gas wells and no oil wells in the field. The field operates under rules providing for 467'-1,320' well spacing, 80/optional 40 acre oil units and multiple 49(b) status allowing the assignment of up to 320 acres to gas wells.
3. The Calvert (Buda) Field was discovered in 1976 and there are two gas wells and no oil wells in the field. This field is associated-prorated and operates under Statewide Rules.
4. The Doering Ranch (Georgetown) Field was discovered in 2006 and has 5 gas wells. The field is non-associated and operates under Statewide Rules, with AOF status.
5. The Doering Ranch (Buda) and Calvert (Buda) Fields produce from the same correlative interval and are only a couple of miles apart.
6. Almost all of the wells currently producing from the fields have G-10's of less than 200 MCFD.
7. The Doering Ranch (Georgetown) Field should be designated as the correlative interval from 6,190 feet to 6,530 feet. This interval includes the entire Buda and Georgetown formations.
8. Consolidation of the fields will result in the recovery of 52 MMCF of incremental reserves per well from the Buda and Georgetown as a result of a lower combined economic limit.
9. Rule providing for 320/optional 40 acre density for gas wells is appropriate for the Doering Ranch (Georgetown) Field.
 - a. Recoverable reserves beneath 80 acres in the Georgetown interval are 503 MMCF of gas.
 - b. Recoverable reserves beneath 80 acres in the Buda interval are 833 MMCF of gas.
 - c. Drainage areas for 15 wells in the Buda range from less than 10 acres to 181 acres.
 - d. Drainage areas for 6 Georgetown completions range from less than 10 acres to 98 acres.
10. Retaining the 80/optional 40 acre density rule which was in effect for the Doering Ranch (Buda) Field is appropriate for the oil wells in the Doering Ranch (Georgetown) Field.

11. Allocation based 5% per well and 95% on acreage will protect correlative rights and satisfy statutory requirements.

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 Virtex Operating Company, 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.
5. Suspension of the allocation formula for the Doering Ranch (Georgetown) Field is appropriate pursuant to Rule 31(j).

EXAMINER'S RECOMMENDATION

Based on the above findings and conclusions, the examiner recommends that the Doering Ranch (Buda) and Calvert (Buda) Fields be consolidated into the Doering Ranch (Georgetown) Field and that field rules be adopted for the Doering Ranch (Georgetown) Field.

Respectfully submitted,

Donna K. Chandler
Technical Hearings Examiner