

**THE APPLICATION OF BALLARD EXPLORATION COMPANY, INC. TO CONSIDER  
NEW FIELD DESIGNATION AND FIELD RULES FOR THE (PROPOSED) CLEVELAND,  
SOUTHEAST (WILCOX) FIELD, LIBERTY COUNTY, TEXAS**

---

Heard by: Donna K. Chandler on March 3, 2008

**Appearances:**

Margaret Allen

**Representing:**

Ballard Exploration Company, Inc.

**EXAMINER'S REPORT AND RECOMMENDATION**

**STATEMENT OF THE CASE**

Ballard Exploration Company, Inc. requests that a new field designation called the Cleveland, Southeast (Wilcox) Field be approved for its Shirley Gay Well No. 1. Ballard requests that the following field rules be adopted for the new field:

1. Designation of the field as the correlative interval from 9,608 feet to 10,500 feet as shown on the log of the Shirley Gay Well No. 1;
2. Allocation based on 95% deliverability and 5% per well.

There were no protests to this application and the examiner recommends approval of the new field designation and field rules.

**DISCUSSION OF EVIDENCE**

Ballard Exploration Company, Inc. completed its Shirley Gay No. 1 in February 2007 with perforations in the Wilcox between 9,615 feet and 10,490 feet. On initial test, the well produced at a maximum rate of 1,047 MCFD. The well was not put on production until December 2007 and cumulative production from the well is approximately 48 MMCF of gas.

The new field designation should be approved for the Shirley Gay No. 1. There are 23 wellbores within a 2½ mile radius of the No. 1 well. However, only two wells ever produced. The remaining wells were dry holes. The only well drilled to a comparable depth as the Shirley Gay No. 1 is the Oberwetter No. 1. However, the Oberwetter No. 1 was actually produced from the much shallower Yegua at about 5,800 feet. Additionally, the

Shirley Gay No. 1 encountered virgin pressure of 4,951 psi.

Ballard requests that the entire correlative interval between 9,608 feet and 10,500 feet in the Shirley Gay No. 1 be considered a single field known as the Cleveland, Southeast (Wilcox) Field. This interval includes several Wilcox sands which would not be economically produced as separate completions. The reservoirs appear to be of limited extent based on the considerable drop in flowing tubing pressure in the well in only 60 days.

State statutes require that a two factor allocation formula be adopted for the proposed field designation to be considered a single field. Ballard requests that allocation be based on 95% deliverability and 5% per well for the field.

**FINDINGS OF FACT**

1. Notice of this hearing was given to all persons entitled to notice at least ten days prior to the date of hearing.
2. Ballard Exploration Company, Inc. completed its Shirley Gay No. 1 in February 2007. The well is perforated in several Wilcox sands between 9,615 and 10,490 feet.
3. The Shirley Gay Well No. 1 is entitled to a new field designation.
  - a. There are 23 wellbores within a 2½ mile radius of the No. 1 well but no well has produced from an interval deeper than 5,800 feet.
  - b. The Shirley Gay No. 1 encountered virgin pressure of 4,951 psi.
4. The entire correlative interval from 9,608 feet to 10,500 feet in the Shirley Gay Well No. 1 should be designated as the Cleveland, Southeast (Wilcox) Field.
5. Allocation based on 95% deliverability and 5% per well will protect correlative rights and meets statutory requirements for combining multiple productive zones into a single field.

**CONCLUSIONS OF LAW**

1. Proper notice of this hearing was issued.
2. All things have been accomplished or have occurred to give the Commission jurisdiction in this matter.
3. Approval of the requested new field designation and adoption of field rules

will prevent waste, protect correlative rights and promote the orderly development of the field.

**RECOMMENDATION**

Based on the above findings and conclusions of law, the examiner recommends approval of the new field designation and adoption of field rules for the Cleveland, Southeast (Wilcox) Field.

Respectfully submitted,

Donna K. Chandler  
Technical Examiner