

THE APPLICATION OF NEWFIELD EXPLORATION COMPANY TO CONSIDER NEW FIELD DESIGNATION AND FIELD RULES FOR THE (PROPOSED) LA MOTA RANCH (QUEEN CITY) FIELD, JIM HOGG COUNTY, TEXAS

Heard by: Donna K. Chandler on June 22, 2007

Appearances:

Dale Miller

Representing:

Newfield Exploration Company

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Newfield Exploration Company requests that a new field designation called the La Mota Ranch (Queen City) Field be approved for its Hellen Mineral Properties Well No. 1. Newfield requests that the following field rules be adopted for the new field:

1. Designation of the field as the correlative interval from 7,530 feet to 9,190 feet as shown on the log of the Hellen Mineral Properties 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

Newfield Exploration Company drilled its Hellen Mineral Properties No. 1 in August 2006. The well is perforated in two intervals in the Queen City from 7,530-7,552 and 9,154-9,186 feet. The two intervals are currently separated by a packer. On initial test, the well produced at a rate of 282 MCFD from the lower perforations only.

The new field designation should be approved for the Hellen Mineral Properties No. 1. There are no wells within a 2½ mile radius of the No. 1 well which have produced from a comparable zone. Two wells within 2 ½ miles have penetrated the interval and both are dry holes. The nearest comparable production is approximately 9 ½ miles to the south in the Alma, South (Queen City) Field.

Newfield requests that the entire correlative interval between 7,530 feet and 9,190 feet in the Hellen Mineral Properties No. 1 be considered a single field known as the La Mota Ranch (Queen City) Field. This interval includes several separate accumulations of hydrocarbons, all in the Queen City.

State statutes require that a two factor allocation formula be adopted for the proposed field designation to be considered a single field. Newfield 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. Newfield Exploration Company drilled its Hellen Mineral Properties No. 1 in August 2006 and perforated two intervals in the Queen City from 7,530-7,552 and 9,154-9,186 feet.
3. The Hellen Mineral Properties Well No. 1 is entitled to a new field designation because there is no comparable production within a 2½ mile radius of the well.
4. The entire correlative interval from 7,530 feet to 9,190 feet as shown on the log of the Hellen Mineral Properties Well No. 1 should be designated as the La Mota Ranch (Queen City) 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 La Mota Ranch (Queen City) Field.

Respectfully submitted,

Donna K. Chandler
Technical Examiner