

THE APPLICATION OF EXL PETROLEUM, LP TO CONSIDER NEW FIELD DESIGNATION AND FIELD RULES FOR THE (PROPOSED) SAINT WILMA (STRAWN) FIELD, ANDREWS COUNTY, TEXAS

Heard by: Donna K. Chandler on December 17, 2008

Appearances:

Steve Towns

Representing:

EXL Petroleum, LP

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

EXL Petroleum, LP requests that a new field designation called the Saint Wilma (Strawn) Field be approved for its University Brittany Well No. 1. EXL requests that the following field rules be adopted for the new field:

1. Designation of the field as the correlative interval from 8,885 feet to 11,042 feet as shown on the log of the University Brittany Well No. 1;
2. Allocation based on 95% potential 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

EXL Petroleum, Inc. completed its University Brittany No. 1 in January 2008 with perforations in the Strawn between 9,960 feet and 11,008 feet. On initial test, the well produced at a rate of 25 BOPD , 24 MCFD and 350 BWPD. The well was a re-entry of a well which had been drilled in 2002 and plugged as a dry hole.

The new field designation should be approved for the University Brittany No. 1. There are 26 wellbores within a 2½ mile radius of the No. 1 well. However, none of the wells have produced from the Strawn. The nearest comparable production was about 2½ miles away in the Magutex (Atoka) Field. That well, the University Consolidated XIII No. 10, was plugged in 1990.

EXL requests that the entire correlative interval between 8,885 feet and 11,042 feet in the University Brittany No. 1 be considered a single field known as the Saint Wilma (Strawn) Field. This interval includes the entire Strawn interval.

State statutes require that a two factor allocation formula be adopted for the proposed field designation to be considered a single field. EXL requests that the allocation formula be based on 95% potential and 5% per well to meet statutory requirements for combining multiple separate intervals.

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. EXL Petroleum, Inc. completed its University Brittany No. 1 in January 2008 with perforations in the Strawn between 9,960 feet and 11,008 feet.
3. The University Brittany Well No. 1 is entitled to a new field designation because there are no wells within a 2½ mile radius which produce from a comparable interval.
4. The entire correlative interval from 8,885 feet to 11,008 feet in the University Brittany No. 1 should be designated as the Saint Wilma (Strawn) Field. This interval includes the entire Strawn interval.
5. Allocation based on 95% potential 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 Saint Wilma (Strawn) Field.

Respectfully submitted,

Donna K. Chandler
Technical Examiner