



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL AND GAS DOCKET NO. 01-0286066

THE APPLICATION OF BLACKBRUSH O & G, LLC TO CONSOLIDATE THE BIG MULE (OLMOS 8850) FIELD INTO THE A.W.P. (OLMOS) FIELD, MCMULLEN COUNTY, TEXAS

HEARD BY: Richard D. Atkins, P.E. - Technical Examiner
Laura Miles-Valdez - Legal Examiner

DATE OF HEARING: January 17, 2014

APPEARANCES: REPRESENTING:

APPLICANT:

Clark Jobe
Michael A. Younger

Blackbrush O & G, LLC

EXAMINERS' REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Blackbrush O & G, LLC ("Blackbrush") requests that the Big Mule (Olmos 8850) Field (ID No. 08001 260) be consolidated into the A.W.P. (Olmos) Field (ID No. 00256 500). Blackbrush also requests that all over-production for the STS Lease, Well No. 105, be canceled.

The application is unopposed and the examiners recommend approval of the field consolidation and cancellation of all over-production for the STS Lease, Well No. 105, as requested by Blackbrush.

DISCUSSION OF THE EVIDENCE

The Big Mule (Olmos 8850) Field was discovered in 1999 at an average depth of 8,800 feet. There is one producing oil well and one operator carried on the oil proration schedule. The field operates under Statewide Field Rules. The total cumulative production from the field through December 2013 is 12.0 MBO and 2.3 MMCFG.

The Big Mule (Olmos 8850) Field is geographically intermingled with the A.W.P. (Olmos) Field, which has 459 producing oil wells and 544 producing gas wells carried on the proration schedules. The A.W.P. (Olmos) Field also has horizontal drainhole well Field Rules and is being actively developed with vertical and horizontal drainhole wells. The correlative interval for the Big Mule (Olmos 8850) Field is contained within the correlative interval for the A.W.P. (Olmos) Field. There are no other fields contained within the correlative interval for the A.W.P. (Olmos) Field.

The STS Lease, Well No. 105, is close to the Big Mule (Olmos 8850) Field and, as a result, the well's completion forms have been held pending the outcome of this hearing, which has resulted in the well's over-production. Blackbrush also requests that all over-production for the well be canceled.

FINDINGS OF FACT

1. Notice of this hearing was provided to all persons entitled to notice at least ten (10) days prior to the date of the hearing and no protests were received.
2. The Big Mule (Olmos 8850) Field was discovered in 1999 at an average depth of 8,800 feet.
 - a. There is one producing oil well and one operator carried on the oil proration schedule.
 - b. The field operate under Statewide Field Rules.
3. The Big Mule (Olmos 8850) Field should be consolidated into the A.W.P. (Olmos) Field.
 - a. The Big Mule (Olmos 8850) Field is geographically intermingled with the A.W.P. (Olmos) Field, which has 459 producing oil wells and 544 producing gas wells carried on the proration schedules.
 - b. The A.W.P. (Olmos) Field also has horizontal drainhole well Field Rules and is being actively developed with vertical and horizontal drainhole wells.
 - c. The correlative interval for the Big Mule (Olmos 8850) Field is contained within the correlative interval for the A.W.P. (Olmos) Field.
 - d. There are no other fields contained within the correlative interval for the A.W.P. (Olmos) Field.

4. The STS Lease, Well No. 105, is close to the Big Mule (Olmos 8850) Field and, as a result, the well's completion forms have been held pending the outcome of this hearing, which has resulted in the well's over-production.

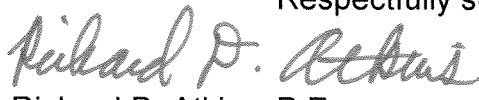
CONCLUSIONS OF LAW

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 Big Mule (Olmos 8850) Field into the A.W.P. (Olmos) Field is necessary to prevent waste and protect correlative rights.
4. Cancellation of all over-production for the STS Lease, Well No. 105, in the A.W.P. (Olmos) Field will not harm correlative rights and will not cause waste.

EXAMINERS' RECOMMENDATION

Based on the above findings of fact and conclusions of law, the examiners recommend that the Commission approve the field consolidation and cancel all of the over-production for the STS Lease, Well No. 105, as requested by Blackbrush O & G, LLC.

Respectfully submitted,


Richard D. Atkins, P.E.
Technical Examiner


Laura Miles-Valdez
Legal Examiner