

November 9, 2006

OIL AND GAS DOCKET NO. 06-0249178

APPLICATION OF HUNT PETROLEUM CORPORATION TO CONSOLIDATE THE CAMP WORTH (JAMES LIME), DUNCAN CEMETARY, W. (JAMES LIME), NEUVILLE (JAMES LIME) AND PATROON BAYOU (JAMES LIME) FIELDS INTO THE HUXLEY (6100) FIELD, SHELBY AND SAN AUGUSTINE COUNTIES, TEXAS

HEARD BY: Thomas H. Richter, P.E.

DATE OF HEARING: November 6, 2006

APPEARANCES:

George C. Neale, attorney
Rick Johnston
John Soule, attorney

REPRESENTING:

Hunt Petroleum Corporation

Ellora Operating L.P.

EXAMINER'S REPORT AND RECOMMENDATION
STATEMENT OF THE CASE

This is the unprotested application of Hunt Petroleum Corp. for the Commission to consider consolidating the Camp Worth (James Lime), Duncan Cemetery, W. (James Lime), Neuville (James Lime) and Patroon Bayou (James Lime) Fields into the Huxley (6100) Field. Initially the application was protested by Ellora Operating, however, the protest was withdrawn as Hunt Petroleum withdrew the proposal that the Bridges, E. (James Lime) Field be included in the consolidation.

It is proposed that the existing special field rules remain unchanged. The examiner recommends approval of the application.

DISCUSSION OF THE EVIDENCE

The Huxley (6100) Field was discovered in 1980 at 6,100' subsurface depth. The field is governed by Special Field Rules pursuant to Order No. 06-0226235, issued effective October 25, 2000, as amended. The field is classified as a Non-Associated Field and the allocation formula has been suspended since 2000. There are seven operators in the field and over 65 wells.

The Camp Worth (James Lime) Field was discovered in 1980 at 7,277' subsurface depth. The field is governed by Statewide Rules. The field is classified as Associated-49(b) Field and the allocation formula has been suspended since 2002. There are two operators in the field and 9 gas wells. The "oil" field has one operator and one well producing 10 BOPD.

The Duncan Cemetery, W. (James Lime) Field was discovered in 2005 at 6,850' subsurface depth. The field is governed by Statewide Rules. The field is classified as a Non-Associated Field. There is one operator in the field and 1 gas well.

The Neuville (James Lime) Field was discovered in 1979 at 6,950' subsurface depth. The field is governed by Statewide Rules and the allocation formula has been suspended since 2002. The field is classified as a Non-Associated Field. There are two operators in the field and 3 gas wells.

The Patroon Bayou (James Lime) Field was discovered in 2001 at 7,180' subsurface depth. The field is governed by Special Field Rules pursuant to Order No. 06-0229750, issued effective December 4, 2003, as amended. The field is classified as a Non-Associated Field and the allocation formula has been suspended since 2002. There is one operator in the field and 2 wells.

Consolidation of the fields will provide for the orderly development of the fields and the efficient and effective depletion of the reservoirs. The subject fields have grown together horizontally over time. Well log cross section analysis indicates that the James Lime Formation is relatively uniform and is continuous across the entire area.

The Huxley (6100) Field should be classified as Associated-Prorated as there is an oil well in the Camp Worth (James Lime) Field. A classification of Associated-49(b) is not appropriate as the only oil well in the field has a potential of 10 BOPD which is less than 20% of the top allowable for a well completed at this depth.¹

There is 100% market for all the gas produced from the subject field and the allocation formula should remain suspended as the allocation formula is currently suspended.

FINDINGS OF FACT

1. Notice of this hearing was sent to all operators in the subject fields at least ten (10) days prior to the subject hearing.
2. There was no protest at the call of the hearing.
3. The Huxley (6100) Field was discovered in 1980 at 6,100' subsurface depth.
 - a. The field is governed by Special Field Rules pursuant to Order No. 06-0226235, issued effective October 25, 2000, as amended.
 - b. The field is classified as Non-Associated Field and the allocation formula has been suspended since 2000.
 - c. There are seven operators in the field and over 65 wells.
4. The Camp Worth (James Lime) Field was discovered in 1980 at 7,277' subsurface depth.

¹ Commission memorandum classifying Associated-Prorated and Associated-49(b) fields.

- a. The field is governed by Statewide Rules and is classified as Associated-49(b) Field and the allocation formula has been suspended since 2002.
 - b. There are two operators in the field and 9 gas wells and one oil well.
5. The Duncan Cemetary, W. (James Lime) Field was discovered in 2005 at 6,850' subsurface depth.
 - a. The field is governed by Statewide Rules.
 - b. The field is classified as a Non-Associated Field and is a one operator field with one gas well.
6. The Neuville (James Lime) Field was discovered in 1979 at 6,950' subsurface depth.
 - a. The field is governed by Statewide Rules and the allocation formula has been suspended since 2002.
 - b. The field is classified as a Non-Associated Field and there are two operators in the field and 3 gas wells.
7. The Patroon Bayou (James Lime) Field was discovered in 2001 at 7,180' subsurface depth.
 - a. The field is governed by Special Field Rules pursuant to Order No. 06-0229750, issued effective December 4, 2003, as amended.
 - b. The field is classified as a Non-Associated Field and the allocation formula has been suspended since 2002 and there is one operator in the field and 2 wells.
8. Consolidation of the fields will provide for the orderly development of the fields and the efficient and effective depletion of the reservoirs. The subject fields have grown together horizontally over time. Well log cross section analysis indicates that the James Lime Formation is relatively uniform and is continuous across the entire area.
9. There is 100% market for all the gas produced from the subject field and the allocation formula should be suspended.
10. The Huxley (6100) Field should be classified as Associated-Prorated as there is an oil well in the Camp Worth (James Lime) Field. A classification of Associated-49(b) is not appropriate as the only oil well in the field has a potential of 10 BOPD which is less than 20% of the top allowable.

CONCLUSIONS OF LAW

1. Proper notice was given to all parties as set out in the provisions of all applicable codes and regulatory statutes.
2. All things have occurred and been accomplished to give the Commission jurisdiction in this matter.
3. Consideration for consolidation of fields and the proposed field rules are a matter within the Commission jurisdiction.
4. Adoption of the proposed consolidation of fields and field rules will prevent waste, foster conservation and protect correlative rights.
5. The subject field meets all the criteria established for suspension of the allocation formula under Statewide Rule 31(j).

EXAMINER'S RECOMMENDATION

Based on the above findings and conclusions of law, the examiner recommends approval of the proposed consolidation of the Camp Worth (James Lime), Duncan Cemetery, W. (James Lime), Neuville (James Lime) and Patroon Bayou (James Lime) Fields into the Huxley (6100) Field.

Respectfully submitted,

Thomas H. Richter, P.E.
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Office of General Counsel