

**OIL AND GAS DOCKET NO. 08-0277214**

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**THE APPLICATION OF PROPEL ENERGY, L.L.C. TO CONSOLIDATE THE PINAL DOME (CHERRY CANYON), PINAL DOME (DELAWARE), PINAL DOME, CENTRAL (DELAWARE) AND PINAL DOME, WEST (DELAWARE) FIELDS INTO THE DIMMITT (DELAWARE CONS) FIELD, LOVING COUNTY, TEXAS**

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**HEARD BY:** Andres J. Trevino, P.E. - Technical Examiner  
Marshall Enquist- Legal Examiner

**HEARING DATE:** July 23, 2012

**APPEARANCES:**

**REPRESENTING:**

**APPLICANT:**

Tim Smith  
Greg Bilbro

Propel Energy, L.L.C.

**EXAMINER'S REPORT AND RECOMMENDATION**

**STATEMENT OF THE CASE**

Propel Energy, L.L.C. (Propel Energy) requests that the Pinal Dome (Cherry Canyon), Pinal Dome (Delaware), Pinal Dome, Central (Delaware) and the Pinal Dome, West (Delaware) Fields be consolidated into the Dimmit (Delaware Cons.) Field. Propel Energy requests no changes to the field rules for the Dimmit (Delaware Cons.) Field.

Propel Energy requested cancellation of over production of any wells being transferred to the Dimmit (Delaware Cons.) Field. Propel Energy further requested a one time waiver of surface commingling fees which will be incurred as a result of the consolidation of the fields. The Examiners are recommending denying the one time waiver of fees as the applicant requested the consolidation and will benefit from the consolidation. The fees are estimated to be \$1,125 for three wells. The applicant stated if we denied the request they would not consider the denial an adverse decision. This application was unopposed and the examiners recommend approval of the requested field consolidation without the surface commingling fee waivers.

**DISCUSSION OF THE EVIDENCE**

The Pinal Dome (Cherry Canyon) Field was discovered in 1984 at a depth of 6,485 feet. There are 19 active oil wells carried in the field, 14 are operated by Propel Energy. There are three other operators in the field. The wells produce from the Cherry Canyon

formation within the Dimmit (Delaware Cons.) Correlative interval. The field operates under Statewide field rules. Cumulative production from the field is 1.95 MMBO.

The Pinal Dome (Delaware) Field was discovered in 1955 at a depth of 5,032 feet. The field produces from the Delaware formation. There are five producing oil wells carried in the field. The field has cumulative production of 275,785 BO. The field operates under Statewide field rules.

The Pinal Dome, Central (Delaware) Field was discovered in 1984 at a depth of 4,974 feet. The field produces from the Delaware formation. There are 16 active producing oil wells carried in the field. The field has cumulative production of 688,451 BO. The field operates under Statewide field rules.

The Pinal Dome, West (Delaware) Field was discovered in 1966 at a depth of 4,968 feet. The field produces from the Delaware formation. There are no producing wells carried in the field. The field has cumulative production of 310 BO. The field operates under Statewide field rules.

The Dimmit (Delaware Cons.) Field was consolidated in 2007 with the consolidation of three Dimmit Cherry Canyon and Delaware Sand fields into the Dimmit (Delaware Cons.) Field. The field produces from the top of the Bell Canyon formation to the base of the Cherry Canyon. There are 113 active producing oil wells carried in the field. The field has cumulative production of 1.09 MMBO. The field operates with 467'/933' spacing and a well density of 40 acre oil units.

Over the years, the fields have "grown together" and field designations overlap. Wells in the five fields produce from the same correlative interval, the Delaware Mountain Group that contains the Bell Canyon and Cherry Canyon formations. The Delaware Mountain Group consists of slope facing channel system deposits of intermingling sand and mud creating interbedding silts and sands throughout the area. There is no distinction between the Dimmit and Pinal Dome areas. Both have similar depositional environments. There are no faults or structural features separating the fields.

Consolidating the fields will provide for the recovery of reserves that otherwise would go unrecovered. The reservoirs are mature reservoirs that are in the latter stages of pressure depletion. The sands are no longer stand alone reservoirs. Well completions in the consolidated section will allow for timely completions in those zones where sands are present which in effect lowers the economic limit for all zones and will increase the ultimate recovery from each member. Field rules for the Dimmit (Delaware Cons.) Field are more flexible allowing new wells to be drilled at flexible locations adjacent to the existing wells. Propel Energy proposes no change in the existing field rules for the Dimmit (Delaware Cons.) Field.

**FINDINGS OF FACT**

1. Notice of this hearing was given to all persons entitled to notice and there were no protests.
2. The Pinal Dome (Cherry Canyon) Field was discovered in 1984 at a depth of 6,485 feet. The wells produce from the Cherry Canyon formation within the Dimmit (Delaware Cons.) Correlative interval. The field operates under Statewide field rules.
3. The Pinal Dome (Delaware) Field was discovered in 1955 at a depth of 5,032 feet. The field produces from the Delaware formation. The field operates under Statewide field rules.
4. The Pinal Dome, Central (Delaware) Field was discovered in 1984 at a depth of 4,974 feet. The field produces from the Delaware formation. The field operates under Statewide field rules.
5. The Pinal Dome, West (Delaware) Field was discovered in 1966 at a depth of 4,968 feet. The field produces from the Delaware formation. The field operates under Statewide field rules.
6. The Dimmit (Delaware Cons.) Field was consolidated in 2007 with the consolidation of three Dimmit Cherry Canyon and Delaware Sand fields into the Dimmit (Delaware Cons.) Field. The field produces from the top of the Bell Canyon formation to the base of the Cherry Canyon. The field operates with 467'/933' spacing and a well density of 40 acre oil units.
7. The Pinal Dome (Cherry Canyon), Pinal Dome (Delaware), Pinal Dome, Central (Delaware) and the Pinal Dome, West (Delaware) Fields and the Dimmit (Delaware Cons.) Field all produce from the same Delaware correlative interval.
8. Over the years, the fields have "grown together". There are no faults or structural features separating the fields.
9. Field rules for the Dimmit (Delaware Cons.) Field allow greater flexibility in spacing future wells.
10. Consolidating the fields will promote the orderly development of the reservoirs by having uniform field rules.

**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 fields as proposed by Propel Energy, L.L.C. is necessary to prevent waste and protect correlative rights.

**EXAMINER'S RECOMMENDATION**

Based on the above findings and conclusions, the examiners recommend that the Pinal Dome (Cherry Canyon), Pinal Dome (Delaware), Pinal Dome, Central (Delaware) and the Pinal Dome, West (Delaware) Fields be consolidated into the Dimmit (Delaware Cons.) Field and that no changes be made to the field rules for the Dimmit (Delaware Cons.) Field.

Respectfully submitted,

Andres J. Trevino, P.E.  
Technical Examiner

Marshall Enquist  
Legal Examiner