

OIL AND GAS DOCKET NO. 01-0247416

THE APPLICATION OF CAVALIER OIL & GAS, INC. TO CONSIDER PERMANENT FIELD RULES FOR THE DRUMMOND (EDWARDS 1800) FIELD, CALDWELL COUNTY, TEXAS

Heard by: Donna K. Chandler on August 11, 2006

Appearances:

Greg Cloud

Representing:

Cavalier Oil & Gas, Inc.

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Cavalier Oil & Gas, Inc. requests that field rules be adopted for the Drummond (Edwards 1800) Field. The proposed rules are summarized as follows:

1. Designation of the field as the correlative interval from 1,824 feet to 2,002 feet as shown on the log of the Reuben Webb No. 4;
2. 100'-0' well spacing;
3. 2 acre oil units with 1 acre tolerance;
4. Allocation based on 100% acreage, with an top allowable of 25 BOPD for a well on 2 acres .

This application was unprotested and the examiner recommends adoption of the field rules proposed by Cavalier Oil & Gas, Inc.

DISCUSSION OF EVIDENCE

The Drummond (Edwards 1800) Field was discovered in 1968 and three completions have been made in the field. There has been no production from the field since 1989. Cavalier Oil & Gas, Inc. has recently acquired leases in the field and is the only operator listed on the proration schedule, with two shut-in wells.

This field produces from a faulted anticlinal structure and the Edwards is naturally fractured. Cavalier plans to drill at least two horizontal wells in this field, each proposed to be approximately 300-400 feet in length.

Cavalier requests no limitation between wells on a lease and minimum lease line spacing of 100 feet. This proposed spacing will allow maximum length drainholes to be drilled. The proposed 2 acre spacing is consistent with the density rule in effect for the Drummond (Austin 1400) Field, which has similar characteristics.

FINDINGS OF FACT

1. Notice of this hearing was given to all persons entitled to notice and no protests were received.
2. The Drummond (Edwards 1800) Field was discovered in 1968 and three completions have been made in the field.
3. There has been no production from the field since 1989 but Cavalier Oil & Gas, Inc. has recently acquired leases in the field and plans to drill horizontal wells in the field.
4. This field produces from a faulted anticlinal structure and the Edwards is naturally fractured, which is conducive to horizontal drilling.
5. Elimination of the between well spacing requirement will allow maximum length drainholes to be drilled.
6. The proposed 2 acre spacing is consistent with the density rule in effect for the Drummond (Austin 1400) Field, which has similar characteristics.

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. Adoption of the proposed field rules for the Drummond (Edwards 1800) Field is necessary to prevent waste, protect correlative rights and promote development of the field.

RECOMMENDATION

Based on the above findings and conclusions of law, the examiner recommends that the Commission adopt the field rules proposed by Cavalier Oil & Gas, Inc. for the Drummond (Edwards 1800) Field.

Respectfully submitted,

Donna K. Chandler
Technical Examiner