THE APPLICATION OF BLACKBRUSH O & G, INC. TO AMEND FIELD RULES FOR THE TILDEN, S. (EDWARDS LIME 11,500) FIELD, MCMULLEN COUNTY, TEXAS

Heard by: Donna K. Chandler on January 19, 2006

Appearances: Representing:

Kerry Pollard Blackbrush O & G, Inc.

EXAMINER'S REPORT AND RECOMMENDATION STATEMENT OF THE CASE

Field rules for the Tilden, S. (Edwards Lime 11,500) Field were adopted on November 28, 1960 in Docket No. 1-44,688. The rules are summarized as follows:

- 1. 660'-1,320' well spacing;
- 2. 240 acre gas units with a maximum diagonal of 6,000 feet;
- 3. Allocation based on 2/3 acreage and ½ per well.

Blackbrush O & G, Inc. requests that the rules be amended as follows:

- 1. 330'-0' well spacing;
- 2. 240 acre gas units and optional 80 acre units;
- 3. No change.

This application was unprotested and the examiner recommends approval of the amendments to the field rules for the Tilden, S. (Edwards Lime 11,500) Field as requested by Blackbrush.

DISCUSSION OF THE EVIDENCE

The Tilden, S. (Edwards Lime 11,500) Field was discovered in 1955 and is a non-associated gas field. There has been no production from the field since 1995 until

Blackbrush completed two recent wells, one in 2004 and one in 2006. Blackbrush reentered the J. H. Dickinson "A" No. 1 in November 2004 and produced it for a short time; this well is now temporarily abandoned.

In January 2006, Blackbrush drilled its J. H. Dickinson No. 2 between four other wells which had produced from the field. These four wells had produced a total of approximately 14 BCF of gas from the field and are between 1,400 and 2,100 feet from the Dickinson No. 2. The reservoir in the area of the Dickinson No. 2 had not been effectively drained by the four wells, based on the constant production of 600 MCFD from the Dickinson No. 2, with no decline.

Blackbrush plans to drill additional vertical wells and at least two horizontal wells in this field to recover additional reserves. Some of the proposed wells will be located in close proximity to each other to aid Blackbrush in obtaining reservoir information and drainage of horizontal wells. For this reason, Blackbrush requests "0" between well spacing.

FINDINGS OF FACT

- 1. Notice of this hearing was given to all persons entitled to notice and there were no protests.
- 2. The Tilden, S. (Edwards Lime 11,500) Field was discovered in 1955 and is a non- associated gas field.
- 3. Blackbrush O & G, Inc. operates the only two wells in the field, both of which are recent completions.
- 4. Field rules for the Tilden, S. (Edwards Lime 11,500) Field currently provide for 660'-1,320' well spacing, 240 acre gas units, and allocation based on 2/3 acreage and ½ per well.
- 5. Addition of an 80 acre optional density rule is necessary to adequately drain the reserves in the Tilden, S. (Edwards Lime 11,500) Field.
 - a. In January 2006, Blackbrush drilled its J. H. Dickinson No. 2 between four other wells which had produced from the field.
 - b. The four wells had produced a total of approximately 14 BCF of gas from the field and are between 1,400 and 2,100 feet from the Dickinson No. 2.
 - c. The reservoir in the area of the Dickinson No. 2 had not been effectively drained by the four wells, based on the constant production of 600 MCFD from the Dickinson No. 2, with no decline.

6. Well spacing a minium of 330 feet from lease lines and 0 feet between wells will accommodate Blackbrush's plans to drill additional vertical wells and at least two horizontal wells, some of the which will be located in close proximity to each other.

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. Amending the field rules for the Tilden, S. (Edwards Lime 11,500) Field is necessary to prevent waste, protect correlative rights, and promote orderly development of the field.

EXAMINER'S RECOMMENDATION

Based on the above findings and conclusions, the examiner recommends that the field rules for the Tilden, S. (Edwards Lime 11,500) Field be amended to provide for 330'-0' well spacing and optional 80 acre density.

Respectfully submitted,

Donna K. Chandler Technical Hearings Examiner