

**THE APPLICATION OF CENTURY RESOURCES INC. TO ADOPT FIELD RULES FOR THE HODDE (WALES SAND) FIELD, MCMULLIN COUNTY, TEXAS**

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**Heard by:** Andres J. Trevino, P.E., Technical Examiner

**Hearing Date:** February 21, 2008

**Appearances:**

**Representing:**

Dale E. Miller

Century Resources Inc.

**EXAMINER'S REPORT AND RECOMMENDATION**

**STATEMENT OF THE CASE**

Field rules (Statewide Rules) for the Hodde (Wales Sand) Field are summarized as follows:

1. 467'-1,200' well spacing;
2. 40 acre oil units with 20 acre tolerance;
3. Allocation based on 100% per well.

Century Resources Inc. requests that field rules be adopted as follows :

1. Designation of the field as the correlative interval from 5,327 feet to 5,378 feet as shown on the log of the Century Resources Inc., A.W. Hodde No. 1;
2. 467'-1,200' well spacing;
3. 80 acre oil units, maximum diagonal of 3,250', 40 acre tolerance;
4. Allocation based on 100% acreage.

This application was unopposed and the examiner recommends that the field rules for the Hodde (Wales Sand) Field be adopted as requested.

**DISCUSSION OF EVIDENCE**

The Hodde (Wales Sand) Field was discovered on June 16, 2005 with the completion of the A.W. Hodde, Well No, 1. The well is perforated between 5,328 feet to 5,330 feet. Cumulative production from the field is approximately 114,002 BO. The A.W. Hodde, Well No, 1 is the only active oil well in the field and currently produces about 116 BOPD. There are no other operators in the field.

Manti Operating completed the only well in the field, the A.W. Hodde, Well No, 1. The well potentialized at 103.1 BOPD, 24 MCFG and 123 BWPD. The drainage radius calculation demonstrates the need for larger drilling units. Century provided drainage calculations for the A.W. Hodde, Well No, 1. The estimated drainage area for the well was 76.44 acres. These calculations are based on a porosity of 27%, water saturation of 31%, net pay thickness of 12 feet and a recovery factor of 35%. The estimated ultimate recovery for the well is 410,512 BO. The well has a high recovery factor due to the reservoir having a substantial water drive.

The well is completed in the Lower Wilcox sand which is known to be faulted in the area. The 467'/1,200' spacing will allow Century to drill wells in optimum locations between faults. Numerous other oil fields in the area have similar 80 acre density and 467'/1,200' spacing as the proposed Hodde (Wales Sand) Field rules.

#### **FINDINGS OF FACT**

1. Notice of this hearing was given to all persons entitled to notice at least ten days prior to the date of hearing.
2. Statewide field rules for the Hodde (Wales Sand) Field provide for 467'-1,200' well spacing, 40 acre oil units and allocation based on 100% per well.
3. The Hodde (Wales Sand) Field was discovered in 2005 and cumulative production from the field is approximately 114,002 BO.
4. Current production from the only oil well in the field is approximately 116 BOPD total.
5. A density rule providing for 80 acre units is appropriate for the field. The calculated drainage area for the Century's, A.W. Hodde, Well No, 1, is about 76.44 acres based on 410,512 BO estimated ultimate recovery.
7. The proposed 467'-1,200' well spacing will accommodate development on 80 acres as the Lower Wilcox sand is known to be faulted.
8. Numerous other oil fields in the area have similar 80 acre density and 467'/1,200' spacing.

#### **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. Adopting field rules for the Hodde (Wales Sand) Field is necessary to prevent waste and protect correlative rights.

**RECOMMENDATION**

Based on the above findings and conclusions of law, the examiner recommends that field rules for the Hodde (Wales Sand) Field be adopted to provide for 80 acre units and 467'-1,200' well spacing.

Respectfully submitted,

Andres J. Trevino, P.E.  
Technical Examiner