



RAILROAD COMMISSION OF TEXAS

OFFICE OF GENERAL COUNSEL

OIL AND GAS DOCKET NO. 01-0273689

THE APPLICATION OF OSBORN HEIRS COMPANY TO ADOPT FIELD RULES FOR THE PEACH CREEK (EDWARDS) FIELD, GONZALES COUNTY, TEXAS

HEARD BY: Richard D. Atkins, P.E. - Technical Examiner
Michael Crnich - Legal Examiner

DATE OF HEARING: January 5, 2012

APPEARANCES:

REPRESENTING:

APPLICANT:

Gene Day
Nancy Fitzsimon

Osborn Heirs Company

EXAMINERS' REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Osborn Heirs Company ("Osborn") requests that Field Rules be adopted for the Peach Creek (Edwards) Field. The proposed Field Rules are summarized as follows:

1. Designation of the field as the correlative interval from 9,111 feet to 9,310 feet as shown on the log of the Osborn Heirs Company - Addie Bell Goode Lease, Well No. 1 (API No. 42-177-32242);
2. 467'-1,200' well spacing;
3. 160 acre units with optional 80 acre density;
4. Allocation based on 100% acres with a top allowable based on the 1965 Yardstick Allowable of 435 BOPD.

This application was unopposed and the examiners recommend that Field Rules be adopted for the Peach Creek (Edwards) Field, as proposed by Osborn.

DISCUSSION OF EVIDENCE

The Peach Creek (Edwards) Field was discovered in March 1989 at an average depth of 9,150 feet. The field operates under Statewide Rules and there are no producing oil wells carried on the proration schedule. Osborn is the only operator in the field with the completion of the Addie Bell Goode Lease, Well No. 1. The well potential for 120 BOPD, 574 MCFGPD and 0 BWPD with a flowing tubing pressure of 2,069 psi. Cumulative production from the field through November 2011 is 23.2 MBO and 121.0 MMCFG.

There is currently no defined correlative interval for the field. Osborn requests that the field be defined as the correlative interval from 9,111 feet to 9,310 feet as shown on the log of the Osborn Heirs Company - Addie Bell Goode Lease, Well No. 1 (API No. 42-177-32242), Section 3, A B Williams Survey, A-79, Gonzales County, Texas. This interval includes the productive portion of the Edwards formation.

Osborn is planning on drilling infill wells and requests 467'-1,200' well spacing and 160 acre units with optional 80 acre density. For consistency, Osborn is proposing the same spacing and density rules for the field that exist in the shallower Peach Creek (Austin Chalk) Field. In addition, the closest Edwards field, the Dubose (Edwards -A-) Field, is also on 160 acre density.

From available reservoir data, Osborn calculated an average porosity of 16%, an average water saturation of 30%, an average net pay thickness of 9 feet and an estimated recovery factor of 30%. Osborn believes that the primary drive mechanism for the reservoir is a combination of solution gas drive and water drive. Based on well performance in the Dubose (Edwards -A-) Field, Osborn provided a drainage area calculation for the Goode Lease, Well No. 1, that showed an estimated drainage area of 122 acres.

Osborn also requests that the allocation formula be based on 100% acres with a top allowable based on the 1965 Yardstick Allowable of 435 BOPD.

FINDINGS OF FACT

1. Notice of this hearing was given to all persons entitled to notice and no protests were received.
2. The Peach Creek (Edwards) Field was discovered in March 1989 at an average depth of 9,150 feet.

- a. The field operates under Statewide Rules and there are no producing oil wells carried on the proration schedule.
 - b. Osborn is the only operator in the field with the completion of the Addie Bell Goode Lease, Well No. 1.
 - c. The well potential for 120 BOPD, 574 MCFGPD and 0 BWPD with a flowing tubing pressure of 2,069 psi.
3. The Peach Creek (Edwards) Field should be defined as the correlative interval from 9,111 feet to 9,310 feet as shown on the log of the Osborn Heirs Company - Addie Bell Goode Lease, Well No. 1. This interval includes the productive portion of the Edwards formation.
 4. Well Spacing of 467'-1,200' and 160 acre units with optional 80 acre density are appropriate for the field.
 - a. These are the same spacing and density rules for the field that exist in the shallower Peach Creek (Austin Chalk) Field.
 - b. The closest Edwards field, the Dubose (Edwards -A-) Field, is also on 160 acre density.
 - c. A drainage area calculation for the Goode Lease, Well No. 1, showed an estimated drainage area of 122 acres.
 5. Allocation based on 100% acres and a top allowable based on the 1965 Yardstick Allowable of 435 BOPD is a reasonable formula which will protect correlative rights and meet statutory requirements.

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 Peach Creek (Edwards) Field is necessary to prevent waste, protect correlative rights and promote development of the field.

RECOMMENDATION

Based on the above findings of fact and conclusions of law, the examiners recommend that the Commission adopt the Field Rules for the Peach Creek (Edwards) Field, as proposed by Osborn Heirs Company.

Respectfully submitted,



Richard D. Atkins, P.E.
Technical Examiner



Michael Crnich
Legal Examiner