

July 28 ,2000

OIL AND GAS DOCKET NO. 02-0225180

**APPLICATION OF HOLLIMON OIL CORPORATION TO CONSIDER PERMANENT
FIELD RULES FOR THE YOUNGEEEN (YEGUA 5400) FIELD, BEE COUNTY, TEXAS**

HEARD BY: Thomas H. Richter, P.E.

DATE OF HEARING: July 26, 2000

APPEARANCES:

Gene Day
John MacDiarmed

REPRESENTING:

Hollimon Oil Corporation

PROTESTANT: none

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

This is the unprotested application of Hollimon Oil Corp. for the Commission to consider permanent field rules for the Yougeen (Yegua 5400) Field that provide for:

1. The entire correlative interval from 5,448' to 5,492' subsurface depth as shown on the Dual Induction-Density-Neutron-Gamma Ray log of the Hollimon Oil Corp., J.B. Edler Lease Well No. 24, in the A B & M #1 Survey, A-82, Bee County, Texas be recognized and designated as the Yougeen (Yegua 5400) Field.
2. Minimum well spacing of 933'/1867' (lease line/between well),
3. 160 acre proration units with 40 acre tolerance and maximum diagonal of 4,500';
4. An allocation formula based on 100% acreage.

DISCUSSION OF THE EVIDENCE

The Yougeen (Yegua 5400) Field was discovered in 1975 by completion of the J.B. Edler Lease Well No. 21. This was the only producing well in the subject field until completion of the

Hollimon Oil Corp., J.B. Edler Lease Well No. 24 on March 24, 2000 through perforations from 5,450' to 5,468' subsurface depth. Hollimon Oil Corp. is the only operator in the field. Basic reservoir parameters are: average porosity 24%; average water saturation 45%; average net pay thickness 6 feet. It is proposed the entire correlative interval from 5,448' to 5,492' subsurface depth as shown on the Dual Induction-Density-Neutron-Gamma Ray log of the Hollimon Oil Corp., J.B. Edler Lease Well No. 24, in the A B & M #1 Survey, A-82, Bee County, Texas be recognized and designated as the Yougeen (Yegua 5400) Field.

One hundred and sixty (160) acre proration unit density should be the appropriate well density for wells completed in the subject field. The subject field was initially classified as a gas field. In 1986, the Commission reclassified the discovery well, and hence the field, from gas to oil. Hollimon Oil acquired the well in 1988. The J.B. Edler Lease Well No. 24 upon completion tested 34.1 BOPD, 230 MCFD, 1.16 BWPD, a producing gas-oil ratio of 6744:1 and a flowing tubing pressure of 1,950 psig. The oil gravity is 45.4° API. The well is currently cut back to conform to the casinghead gas limit maximum of no more than 204 MCFD. The well is capable of producing in excess of 1,000 MCFD. The J.B. Edler Well No. 21 has recovered 956,510 MCF of gas. The calculated drainage area is 170 acres.

The proposed minimum well spacing, 933'/1867' (leaseline/between well), is necessary to provide for flexibility in locating wells in this area. The 100% acreage allocation formula will provide for the protection of correlative rights.

FINDINGS OF FACT

Based on the evidence presented, the examiner proposes the following findings:

1. Notice of this hearing was sent to all operators in the subject field at least ten (10) days prior to the subject hearing.
2. There was no protest at the call of the hearing.
3. The Yougeen (Yegua 5400) Field was discovered in 1975 by completion of the J.B. Edler Lease Well No. 21. This was the only producing well in the subject field until completion of the Hollimon Oil Corp., J.B. Edler Lease Well No. 24 on March 24, 2000 through perforations from 5,450' to 5,468' subsurface depth.
4. The entire correlative interval from 5,448' to 5,492' subsurface depth as shown on the Dual Induction-Density-Neutron-Gamma Ray log of the Hollimon Oil Corp., J.B. Edler Lease Well No. 24, in the A B & M #1 Survey, A-82, Bee County, Texas be recognized and designated as the Yougeen (Yegua 5400) Field.
5. One hundred and sixty (160) acre proration unit density should be the appropriate

well density for wells completed in the subject field.

- a. The subject field was initially classified as a gas field. The J.B. Edler Lease Well No. 24 upon completion tested 34.1 BOPD, 230 MCFD, 1.16 BWPD
 - b. The well is currently cut back to conform to the casinghead gas limit maximum of no more than 204 MCFD. The well is capable of producing in excess of 1,000 MCFD.
 - c. The J.B. Edler Well No. 21 has recovered 956,510 MCF of gas. The calculated drainage area is 170 acres.
6. The proposed minimum well spacing, 933'/1867' (leaseline/between well) is necessary to provide for flexibility in locating wells in this area.
 7. The 100% acreage allocation formula will provide for the protection of correlative rights.

CONCLUSIONS OF LAW

1. Proper notice was given to all parties as set out in the provisions of all applicable codes and regulatory statutes.
2. All things have occurred and been accomplished to give the Commission jurisdiction in this matter.
3. Consideration of field rules, a determination of their effectiveness and appropriate actions is a matter within the Commission jurisdiction.
4. Adoption of the proposed fields rule will prevent waste, foster conservation and protect correlative rights.

EXAMINER'S RECOMMENDATION

Based on the above findings and conclusions of law, the examiner recommends approval of the proposed field rules for the Yougeen (Yegua 5400) Field.

Respectfully submitted,

Thomas H. Richter, P.E.
Technical Examiner
Office of General Counsel