

June 22, 2005

OIL AND GAS DOCKET NO. 02-0243043

APPLICATION OF CUMMINS & WALKER OIL CO., INC. CONSIDER FIELD RULES FOR THE GUAJOLOTE SUERTE (5750) FIELD, CALHOUN COUNTY, TEXAS

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

DATE OF HEARING: June 14, 2005

APPEARANCES:

Kerry Pollard

REPRESENTING:

Cummins & Walker Oil Co., Inc.

EXAMINER'S REPORT AND RECOMMENDATION
STATEMENT OF THE CASE

This is the unprotested application of Cummins & Walker Oil Co., Inc. for the Commission to consider permanent field rules for the Guajolote Suerte (5750) Field that provide for:

1. The entire correlative interval from 5,860' to 5,970' subsurface depth as shown on the High Definition Induction, Compensated Densilog, Compensated Neutron, Gamma Ray log of the Cummins & Walker Oil Co., Inc., B.P. Chemicals Lease Well No. 1, AM-Gwatney Survey, ABS-72, Calhoun County, Texas should be recognized and designated as the Guajolote Suerte (5750) Field.
2. Minimum well spacing of 467'/933' (lease line/between well),
3. 80 acre proration units with 40 acre tolerance and maximum diagonal of 3,250'; and
4. An allocation formula based on 100% acreage.

DISCUSSION OF THE EVIDENCE

The Guajolote Suerte (5750) Field was discovered in March 2002 at 5,797' subsurface depth. Cummins & Walker is the only operator in the field with five wells. All the wells in the field are directional wells as this is a very low area along James Bayou.

It is proposed that the entire correlative interval from 5,860' to 5,970' subsurface depth as shown on the High Definition Induction, Compensated Densilog, Compensated Neutron, Gamma Ray log of the Cummins & Walker Oil Co., Inc., B.P. Chemicals Lease Well No. 1, AM-Gwatney Survey, ABS-72 , Calhoun County, Texas should be recognized and designated as the Guajolote Suerte (5750) Field. Basic reservoir parameters are: average porosity is 34%, average water saturation is 15%, and the average net pay is 14 feet.

Proration unit density of 80 acres is necessary to provide for the efficient and effective depletion of the reservoir. Cumulative production from the field is 425 MMCF and 463.5 MBO. Volumetric analysis estimates recoverable oil-in-place assuming 80 acre drainage is 304,000 BO. The two wells on the BP Chemicals lease have each recovered approximately 100,000 BO and are still producing at 102 BOPD.

The proposed minimum well spacing, 467'/933' (leaseline/between well) will provide for needed flexibility in locating wells in the subject field.

The proposed allocation formula based on 100% acreage will provide for the protection of correlative rights.

FINDINGS OF FACT

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 Guajolote Suerte (5750) Field was discovered in March 2002 at 5,797' subsurface depth.
 - a. Cummins & Walker is the only operator in the field with five wells.
 - b. The field is governed by Statewide Rules.
 - c. All the wells in the field are directional wells as this is a very low area along James Bayou.
4. The entire correlative interval from 5,860' to 5,970' subsurface depth as shown on the High Definition Induction, Compensated Densilog, Compensated Neutron, Gamma Ray log of the Cummins & Walker Oil Co., Inc., B.P. Chemicals Lease Well No. 1, AM-Gwatney Survey, ABS-72 , Calhoun County, Texas should be recognized and designated as the Guajolote Suerte (5750) Field.

5. Proration unit density of 80 acres is necessary to provide for the efficient and effective depletion of the reservoir.
 - a. Cumulative production from the field is 425 MMCF and 463.5 MBO. Volumetric analysis estimates recoverable oil-in-place assuming 80 acre drainage is 304,000 BO.
 - b. The two wells on the BP Chemicals lease have each recovered approximately 100,000 BO and are still producing at 102 BOPD.
6. The proposed minimum well spacing 467'/933' (leaseline/between well) will provide for needed flexibility in locating wells in the subject field.
7. The proposed allocation formula based on 100% acreage 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 field rules 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 Guajolote Suerte (5750) Field.

Respectfully submitted,

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