

**THE APPLICATION OF LIGHTNING OIL COMPANY TO RESCIND THE FIELD RULES FOR THE MUY BUENO (10904) FIELD, GOLIAD COUNTY, TEXAS**

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**Reviewed by:** Donna K. Chandler on September 15, 2009

**EXAMINER'S REPORT AND RECOMMENDATION**

**DISCUSSION**

Lightning Oil Company requests that the spacing and density rules for the Muy Bueno (10904) Field be rescinded. Lightning further requests that the designated interval and an allocation formula for the field remain in place. The rules for the Muy Bueno (10904) Field were adopted in Docket No. 02-0219088, effective May 12, 1998. The rules were amended by Docket No. 02-0226354, effective December 5, 2000.

The rules in effect for the field provide the following:

1. Designation of the field as the correlative interval from 10,904 feet to 11,288 feet as shown on the log of the Rob Ramsey No. 1;
2. Minimum of 660 feet from lease lines and 1,320 feet between wells;
3. 80 acre gas units with 10% tolerance;
4. Allocation based on 75% acreage and 25% deliverability.

The new field designation was approved in the same Final Order as the field rules. There have been no drilling permits issued for the field in the past two years. In addition, there have been no wells in the field for at least two years. The field is classified as non-associated. Lightning requests that the spacing and density rules be rescinded and that the designated interval be retained. Lightning also requests that the allocation formula be changed to 75% deliverability and 25% per well because acreage cannot be a factor without a density rule.

**FINDINGS OF FACT**

1. Notice of this application was not required because there are no operators in the Muy Bueno (10904) Field.

2. The rules for the Muy Bueno (10904) Field were adopted in Docket No. 02-0219088, effective May 12, 1998. The rules were amended by Docket No. 02-0226354, effective December 5, 2000.
3. The rules in effect for the field provide for a designated interval, 660'-1,320' well spacing , 80 acre density and allocation based on 75% acreage and 25% deliverability.
4. There have been no drilling permits issued for the field in the past two years. In addition, there have been no wells carried in the field for at least two years.

**CONCLUSIONS OF LAW**

1. Rescinding the spacing and density rules for the Muy Bueno (10904) Field will promote development of the field and will not cause waste or harm correlative rights.

**RECOMMENDATION**

Based on the above findings and conclusions of law, the examiner recommends that the spacing and density rules for the Muy Bueno (10904) Field be rescinded and that the designated interval for the field be retained. It is further recommended that the allocation formula be amended to provide for allocation based on 75% deliverability and 25% per well.

Respectfully submitted,

Donna K. Chandler  
Technical Examiner