

July 14, 2006

OIL AND GAS DOCKET NO. 03-0247792

APPLICATION OF FAMCOR OIL, INC. TO AMEND THE FIELD RULES FOR THE PATRICIA RAY (1ST YEGUA) FIELD, POLK COUNTY, TEXAS

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

DATE OF HEARING: July 13, 2006

APPEARANCES:

Tim George, lawyer
Wayman Gore

REPRESENTING:

Famcor Oil, Inc.

EXAMINER'S REPORT AND RECOMMENDATION
STATEMENT OF THE CASE

This is the unprotested application of Famcor Oil to amend the field rules for the Patricia Ray (1ST Yegua) Field as adopted by Order No. 03-0232298, effective October 21, 2002, as amended, which currently provide for:

1. The entire combined correlative interval from 4,748' to 4,806' as shown on the log of the Famcor Oil, Blackstone G Lease Well No.1 Polk County, Texas, be designated as the Patricia Ray (1ST Yegua) Field.
2. Minimum well spacing of 330'/933' (lease line/between well);
3. Proration units of 20 acres with 10 acre tolerance and a maximum diagonal of 1,500';
4. An allocation formula based on 100% acreage.

Famcor proposes amending the rules to provide for:

1. Minimum well spacing of 233'/467' (lease line/between well);
2. Proration units of 10 acres with 5 acre tolerance and a maximum diagonal of 1,500'.

The examiner recommends approval of the application.

DISCUSSION OF THE EVIDENCE

The Patricia Ray (1ST Yegua) Field was discovered on May 8, 2002 by completion of the Famcor Oil, Blackstone "G" Lease Well No. 1 through perforations from 4,772' to 4,778' subsurface depth. Special field rules were adopted by Order No. 03-0232298, effective October 21, 2002. Famcor is the only operator in the field with five producing wells. Cumulative production from the

field is 559,133 BO. Reservoir parameters are: porosity ranges from 22 - 29%; water saturation ranges from 43 - 62% and the net pay thickness ranges from 14 - 48'.

The reservoir is the result of a structural trap against a sealing fault. Reservoir pressure initially decreased approximately 1000 psi and then has remained constant for the last few years. This information indicates that there is a somewhat effective water influx to provide reservoir energy. Four of the active wells are still flowing while the other is on pump.

Proration unit density of 10 acres is necessary to provide for the efficient and effective depletion of the reservoir. A reservoir depiction indicates that there is still substantial reservoir above the four flowing wells. Volumetric analysis and drainage determinations were made on the five wells. The estimated ultimate recoveries range from 25,000 to 459,000 BO (assuming a 50% recovery factor). The drainage areas of the wells respectively were: 7; 8; 10; 17; and 19 acres.

The proposed minimum well spacing, 233'/467', is necessary to allow flexibility in well locations as close as possible to the trapping fault for drain points at the top of the reservoir.

FINDINGS OF FACT

1. Notice of this hearing was sent to all operators in the subject fields at least ten (10) days prior to the subject hearing.
2. There was no protest at the call of the hearing.
3. The Patricia Ray (1ST Yegua) Field was discovered on May 8, 2002 by completion of the Famcor Oil, Blackstone "G" Lease Well No. 1 through perforations from 4,772' to 4,778' subsurface depth. Special field rules were adopted by Order No. 03-0232298, effective October 21, 2002.
4. Proration unit density of 10 acres is necessary to provide for the efficient and effective depletion of the reservoir.
 - a. Volumetric analysis and drainage determinations were made on five wells.
 - b. The estimated ultimate recoveries range from 25,000 to 459,000 BO (assuming a 50% recovery factor).
 - c. The drainage areas of the wells respectively were: 7; 8; 10; 17; and 19 acres.
5. The proposed minimum well spacing, 233'/467', is necessary to allow flexibility in well locations as close as possible to the trapping fault for drain points at the top of the reservoir.

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 the effectiveness of the rules and appropriate actions is a matter within the Commission jurisdiction.
4. Adoption of the proposed amended 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 amended field rules for the Patricia Ray (1ST Yegua) Field.

Respectfully submitted,

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