



### DISCUSSION OF EVIDENCE

The Beech Grove (Woodbine) Field was discovered in March 2012 at an average depth of 13,200 feet. The field is classified as non-associated and there is one producing gas well carried on the gas proration schedule. BBX is the only operator in the field and the field operates under Statewide Field Rules. Cumulative production from the field through October 2013 is 1.5 BCFG and 5.9 MBO.

There is currently no defined correlative interval for the field. BBX requests that the Beech Grove (Woodbine) Field be defined as the correlative interval from 13,215 feet to 13,850 feet as shown on the log of the BBX Operating, LLC - Frances Kunkel Unit, Well No. 1H Pilot Hole (API No. 42-241-30821), W Hanks Survey, A-18, Jasper County, Texas. The correlative interval includes the entire Woodbine Sand formation.

BBX is developing the field with vertical wells and requests that Field Rules be adopted to promote the efficient and effective development of the remaining hydrocarbons. BBX proposes 660'-1,320' well spacing and 640 acre gas units with optional 160 acre density. From log analysis, BBX estimated an average porosity of 12%, an average water saturation of 30%, an average net pay thickness of 7 feet and a recovery factor of 53% for the field. The primary drive mechanism is a depletion drive. BBX provided a drainage area calculation for the only well currently producing from the field and the drainage area was 501 acres. Based on the drainage area calculation, BBX felt that the requested Field Rules were appropriate.

BBX also requests gas allocation based on 100% acres and that the allocation formula be suspended, as there is a 100% market demand for all of the gas produced from the field.

### FINDINGS OF FACT

1. Notice of this hearing was provided to all persons entitled to notice at least ten (10) days prior to the date of the hearing and no protests were received.
2. The Beech Grove (Woodbine) Field was discovered in March 2012 at an average depth of 13,200 feet.
  - a. The field is classified as non-associated and there is one producing gas well carried on the gas proration schedule.
  - b. BBX Operating, LLC ("BBX") is the only operator in the field and the field operates under Statewide Field Rules.

- c. The Beech Grove (Woodbine) Field is actively being developed with vertical wells.
3. The Beech Grove (Woodbine) Field should be defined as the correlative interval from 13,215 feet to 13,850 feet as shown on the log of the BBX Operating, LLC - Frances Kunkel Unit, Well No. 1H Pilot Hole (API No. 42-241-30821), W Hanks Survey, A-18, Jasper County, Texas. The correlative interval includes the entire Woodbine Sand formation.
4. Field Rules for the Beech Grove (Woodbine) Field that provide for 660'-1,320' well spacing and 640 acre gas units with optional 160 acre density are appropriate for the field.
  - a. Drilling infill wells will promote the efficient and effective development of the remaining hydrocarbons.
  - b. From log analysis, BBX estimated an average porosity of 12%, an average water saturation of 30%, an average net pay thickness of 7 feet and a recovery factor of 53% for the field.
  - c. The primary drive mechanism is a depletion drive.
  - d. A drainage area calculation for the only well currently producing from the field had a drainage area of 501 acres.
5. Gas allocation based on 100% acres is a reasonable formula which will satisfy state statutes and protect correlative rights of mineral owners in the field.
6. Suspension of the allocation formula is appropriate, as there is a 100% market demand for all of the gas produced from the field.

#### **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. Adopting Field Rules for the Beech Grove (Woodbine) Field is necessary to prevent waste, protect correlative rights and promote development of the field.

**EXAMINERS' RECOMMENDATION**

Based on the above findings of fact and conclusions of law, the examiners recommend that the Commission adopt Field Rules for the Beech Grove (Woodbine) Field, as proposed by BBX Operating, LLC.

Respectfully submitted,



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