

October 16, 2006

OIL AND GAS DOCKET NO. 05-0249036

APPLICATION OF REDMAN OPERATING COMPANY TO RESCIND THE FIELD RULES FOR THE CURRIE (SMACKOVER) FIELD, NAVARRO COUNTY, TEXAS

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

DATE OF HEARING: October 13, 2006

APPEARANCES:

Philip Whitworth, lawyer
Ronald D. Wade
Bryan McMicken
J. Allen Aday

REPRESENTING:

Redman Operating Company

EXAMINER'S REPORT AND RECOMMENDATION
STATEMENT OF THE CASE

This is the unopposed application of Redman Operating to rescind the field rules for the Currie (Smackover) Field as adopted by Order No. 5-59,623, effective September 30, 1969, as amended, which currently provide for:

1. Minimum well spacing of 1320'/2640' (lease line/between well);
2. Gas proration units of 640 acres with 10 acre tolerance and a maximum diagonal of 8,500';
3. An allocation formula based on 100% acreage.

Redman Operating proposes rescinding the special rules and returning the field to Statewide Rules.

The examiner recommends approval of the application.

DISCUSSION OF THE EVIDENCE

The Currie (Smackover) Field was discovered in 1969 at 9,230' subsurface depth. Special field rules were adopted in 1969. No production has been reported since 1997. Seven wells have produced from the reservoir and range in production from 253 MMCF to 42.6 BCF of gas. The Commission Proration Schedule indicates two wells operated by Sulphur River Exploration, Inc. The status of one well is 14B2 EXT and the other is 14B DENY. All the gas units have expired by the terms of the lease/unit agreements. Redman has standing in the subject field as it has acquired 1,017 acres in the field but not the two existing wellbores.

Statewide Rules are necessary for renewed development and the efficient and effective depletion of the reservoir. Statewide spacing and density is appropriate as there has been no well drilled or completed and no well has produced in over ten years. Cumulative production from the field is 150.1 BCF of gas and 3.5 million barrels of condensate. Wells may have once been capable of draining 640 acres but any well now drilled and completed will be encountering far less than virgin pressure.

The top of the productive Smackover Formation reservoir is at 9,038' subsurface depth to the top of the gas-water contact at 9,104' subsurface depth as seen on the George R. Brown Partnership, J.C. Lefever Well No. 1A (API No. 349-34164).

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. Redman has standing in the subject field as it has acquired 1,017 acres in the field but not the two existing wellbores.
2. There was no protest at the call of the hearing.
3. The Currie (Smackover) Field was discovered in 1969 at 9,230' subsurface depth.
 - a. Special field rules were adopted by Order No. 5-59,623, effective September 30, 1969, as amended, which currently provide for minimum well spacing of 1320'/2640' (lease line/between well); gas proration units of 640 acres and an allocation formula based on 100% acreage.
 - b. The Commission Proration Schedule indicates two wells operated by Sulphur River Exploration, Inc. and the status of one well is 14B2 EXT and the other is 14B DENY.
4. Rescinding the special field rules adopted by Order No. 5-59,623, effective September 30, 1969, as amended, are necessary for renewed development and the efficient and effective depletion of the reservoir.
 - a. Statewide spacing and density is appropriate as there has been no well drilled or completed and no well has produced in over ten years.
 - b. All the gas units have expired by the terms of the lease/unit agreements.

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. Rescinding the special field rules as adopted by Order No. 5-59,623, effective September 30, 1969, as amended, 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 rescinding the special field rules for the Currie (Smackover) Field.

Respectfully submitted,

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