

OIL AND GAS DOCKET NO. 06-0258187

THE APPLICATION OF CULVER & CAIN PRODUCTION LLC TO AMEND THE FIELD RULES FOR THE MARY BLEVINS (PALUXY B) FIELD, SMITH COUNTY, TEXAS

Heard by: Donna K. Chandler on August 22, 2008

Appearances:

Cary McGregor

Representing:

Culver & Cain Production LLC

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Field rules for the Mary Blevins (Paluxy B) Field were adopted in Oil and Gas Docket No. 06-0211220, effective April 2, 1996. The rules in effect for the field are summarized as follows:

1. 467'-1,200' well spacing;
3. 80 acre oil units;
4. Allocation based on 100% acreage.

Culver & Cain Production LLC requests that the field rules be amended to provide for a designated interval, 330'-660' well spacing and optional 20 acre density.

This application was unopposed and the examiner recommends that the field rules for the Mary Blevins (Paluxy B) Field be amended as proposed by Culver & Cain.

DISCUSSION OF EVIDENCE

The Mary Blevins (Paluxy B) Field was discovered in 1994 at a depth of approximately 7,450 feet. Culver & Cain is the only operator in the field with four producing wells on the current proration schedule. Cumulative production from the field is 761,000 BO.

The discovery well for the field was the Holder No. 1, now the Paluxy "B" Sand Unit Well No. 1. This well produced over 151,000 BO before being shut-in in 2004. The Paluxy "B" Sand Unit No. 3 has produced over 250,000 BO and the Paluxy "B" Sand Unit No. 2 has produced over 325,000 BO.

Culver & Cain completed its Paluxy "B" Sand Unit No. 1A in 2006. This well has produced 22,300 BO and estimated ultimate recovery for the well is 70,400 BO. The well has 36 feet of pay with 32% average water saturation and 13% average porosity. Recoverable oil beneath 20 acres is estimated to be 61,000 BO. It is apparent that the well will not drain 80 acres and 20 acre optional density is therefore requested. Culver & Cain plans to drill additional infill wells to maximize recovery from the field.

The Paluxy "B" Sand which is productive in this field is a channel sand which is well-defined. Culver & Cain requests that the field be designated as the correlative interval from 7,482 feet to 7,535 feet as shown on the log of the Paluxy "B" Sand Unit Well No. 4.

Culver & Cain is requesting 330'-660' well spacing in conjunction with the 20 acre optional density. This spacing is standard for 20 acre density.

There may be some recent overproduction in the field and Culver & Cain requests that all overage be cancelled.

FINDINGS OF FACT

1. Notice of this hearing was given to all persons entitled to notice and no protests were received.
2. The Mary Blevins (Paluxy B) Field was discovered in 1994 at a depth of approximately 7,450 feet. There are four producing oil wells in the field, all operated by Culver & Cain Production LLC.
3. Rules currently in effect for the field provide for 467'-1,200' well spacing, 80 acre density, and allocation based on 100% acreage.
4. An optional 20 acre density rule is appropriate for the field.
 - a. The recently completed Paluxy "B" Sand Unit No. 1A is expected to ultimately recover approximately 70,400 BO.
 - b. Recoverable reserves beneath 20 acres are estimated to be 61,000 BO.

5. The Mary Blevins (Paluxy B) Field should be designated as the correlative interval from 7,482 feet to 7,535 feet as shown on the log of the Paluxy "B" Sand Unit Well No. 4.
6. The requested 330'-660' well spacing is standard spacing for 20 acre density.

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. Amending the field rules for the Mary Blevins (Paluxy B) Field is necessary to prevent waste, protect correlative rights and promote development of the field.
4. Cancellation of overproduction will not harm correlative rights or cause waste.

RECOMMENDATION

Based on the above findings and conclusions of law, the examiner recommends that the Commission amend the field rules for the Mary Blevins (Paluxy B) Field as proposed by Culver & Cain.

Respectfully submitted,

Donna K. Chandler
Technical Examiner