

THE APPLICATION OF WHITE ROCK EXPLORATION, INC. TO CONSIDER ADOPTION OF TEMPORARY FIELD RULES FOR THE HONEY HOLLOW (PETTIT Y) FIELD, WOOD COUNTY, TEXAS

HEARD BY: Richard D. Atkins, P.E. - Technical Examiner

DATE OF HEARING: January 25, 2010

APPEARANCES:

REPRESENTING:

APPLICANT:

Greg Cloud

White Rock Exploration, Inc.

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

White Rock Exploration, Inc. ("White Rock") requests that temporary field rules be adopted for the Honey Hollow (Pettit Y) Field. The proposed rules are summarized as follows:

1. Designation of the field as the correlative interval from 8,766 feet to 8,800 feet as shown on the log of the White Rock Exploration, Inc. - Lloyd Unit, Well No. 1 (API No. 42-499-32090);
2. 467'-933' well spacing;
3. 80 acre oil units with a 40 acre tolerance;
4. Allocation based on 100% acres.

There were no protests to this application and the examiner recommends approval of the temporary field rules, as requested by White Rock, subject to review in 18 months.

DISCUSSION OF EVIDENCE

The Honey Hollow (Pettit Y) Field was discovered in March 2009 with the completion of the Lloyd Unit, Well No. 1, with perforations in the Pettit Y Lime between 8,768 feet and 8,797 feet. On initial test, the well flowed at a maximum rate of 45 BOPD, 34 MCFGPD

OIL AND GAS DOCKET NO. 06-0264059

and 0 BWPD. The field operates under Statewide Rules and the top allowable is 340 BOPD with an allowable gas oil ratio of 2,000 cubic feet per barrel. White Rock is currently the only operator in the field and there is only one producing well carried on the oil proration schedule. Cumulative production from the field through December 2009 is 43.5 MBO and 41.5 MMCFG.

White Rock requests that the correlative interval from 8,766 feet to 8,800 feet as shown on the log of the White Rock Exploration, Inc. - Lloyd Unit, Well No. 1 (API No. 42-499-32090), be considered as a single reservoir for proration purposes and be designated as the Honey Hollow (Pettit Y) Field. The Honey Hollow (Pettit Y) Field produces from the Pettit Y Lime formation at an average depth of approximately 8,800 feet. The Pettit Y Lime has an average matrix porosity of 14%, an average water saturation of 25% and an average net pay of 22 feet. A solution gas drive is the primary drive mechanism for the reservoir and White Rock measured an original bottomhole pressure of 3,930 psi. The estimated primary recovery factor is 15%.

White Rock performed a decline curve analysis on the Lloyd Unit, Well No. 1, and determined the ultimate recovery to be 161,000 BO. Using the reservoir factors shown above, White Rock calculated an effective drainage area of 87 acres. As a result, White Rock requests temporary Field Rules of 467'-933' well spacing and 80 acre density. There are many odd shaped leases in the area and 467'-933' well spacing will allow greater flexibility in selecting future infill drilling locations without requiring Rule 37 exceptions. White Rock also requests that an allocation formula based on 100% acres be adopted for the field.

FINDINGS OF FACT

1. Notice of this hearing was given to all persons entitled to notice at least ten days prior to the date of hearing.
2. The Honey Hollow (Pettit Y) Field was discovered in March 2009 with the completion of the Lloyd Unit, Well No. 1, with perforations in the Pettit Y Lime between 8,768 feet and 8,797 feet. On initial test, the well flowed at a maximum rate of 45 BOPD, 34 MCFGPD and 0 BWPD.
3. The field operates under Statewide Rules and the top allowable is 340 BOPD with an allowable gas oil ratio of 2,000 cubic feet per barrel. White Rock is currently the only operator in the field and there is only one producing well carried on the oil proration schedule.
4. White Rock requests that the correlative interval from 8,766 feet to 8,800 feet as shown on the log of the White Rock Exploration, Inc. - Lloyd Unit, Well No. 1 (API No. 42-499-32090), be considered as a single reservoir for proration purposes and be designated as the Honey Hollow (Pettit Y) Field.
5. The Pettit Y Lime has an average matrix porosity of 14%, an average water

OIL AND GAS DOCKET NO. 06-0264059

saturation of 25% and an average net pay of 22 feet. A solution gas drive is the primary drive mechanism for the reservoir and White Rock measured an original bottomhole pressure of 3,930 psi.

6. White Rock performed a decline curve analysis on the Lloyd Unit, Well No. 1, and determined the ultimate recovery to be 161,000 BO. Using the reservoir factors shown above, White Rock calculated an effective drainage area of 87 acres.
7. White Rock requests temporary Field Rules of 467'-933' well spacing and 80 acre density. There are many odd shaped leases in the area and 467'-933' well spacing will allow greater flexibility in selecting future infill drilling locations without requiring Rule 37 exceptions.
8. Allocation based on 100% acreage is a reasonable formula which will protect correlative rights and meet statutory requirements.

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. Adoption of temporary field rules will prevent waste, protect correlative rights and promote orderly development of the field.

RECOMMENDATION

Based on the above findings of fact and conclusions of law, the examiner recommends adoption of temporary Field Rules for the Honey Hollow (Pettit Y) Field, as requested by White Rock.

Respectfully submitted,

Richard D. Atkins, P.E.
Technical Examiner