

OIL AND GAS DOCKET NO. 06-0270916

THE APPLICATION OF CULVER & CAIN PRODUCTION LLC TO AMEND FIELD RULE NO. 2 FOR THE MARY BLEVINS (PALUXY B) FIELD, SMITH COUNTY, TEXAS

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

HEARING DATE: June 22, 2011

APPEARANCES:

REPRESENTING:

APPLICANT:

George C. Neale
Cary McGregor
Matt Culver

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 Final Order No. 06-0211220, effective April 2, 1996, as amended. The Field Rules in effect for the field are summarized as follows:

1. Designated interval from 7,482 feet to 7,535 feet as shown on the log of the Culver & Cain Production LLC - Paluxy "B" Sand Unit, Well No. 4 (API No. 42-423-31501);
2. 330'-660' well spacing;
3. 80 acre oil units with optional 20 acre density;
4. Allocation based on 100% acres.

Culver & Cain Production LLC ("Culver & Cain") requests that the Field Rules be amended to provide for no between well spacing limitation.

The 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.

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DISCUSSION OF EVIDENCE

The Mary Blevins (Paluxy B) Field was discovered in 1994 at an average depth of 7,450 feet. Culver & Cain is the only operator in the field and there are four producing oil wells carried on the proration schedule. Field Rules currently in effect for the field provide for a designated interval from 7,482 feet to 7,535 feet, 330'-660' well spacing, 80 acre oil units with optional 20 acre density and allocation based on 100% acres. Cumulative production from the field through March 2011 is 995.7 MBO.

Culver & Cain is proposing to drill infill wells and is requesting the elimination of the between well spacing limitation. Culver & Cain submitted a topographic map showing that the Paluxy "B" Sand Unit encompasses several plateaus with steeply sloping valleys. In addition, there are working sand pits that are being actively mined by the surface owner. Culver & Cain opined that the surface impediments were limiting their selection of drilling locations and a no between well spacing limitation was necessary in order to continue developing the field.

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 an average depth of 7,450 feet. Culver & Cain is the only operator in the field and there are four producing oil wells carried on the proration schedule.
3. Field Rules currently in effect for the field provide for a designated interval from 7,482 feet to 7,535 feet, 330'-660' well spacing, 80 acre oil units with optional 20 acre density and allocation based on 100% acres.
4. A no between well spacing limitation is appropriate for the field.
 - a. The Paluxy "B" Sand Unit encompasses several plateaus with steeply sloping valleys.
 - b. There are working sand pits that are being actively mined by the surface owner.
 - c. The surface impediments are limiting the selection of drilling locations and a no between well spacing limitation is necessary in order to continue developing the field.

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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 Field Rule No. 2 for the Mary Blevins (Paluxy B) Field is necessary to prevent waste, protect correlative rights and promote development of the field.

RECOMMENDATION

Based on the above findings of fact and conclusions of law, the examiner recommends that the Commission amend Field Rule No. 2 for the Mary Blevins (Paluxy B) Field, as proposed by Culver & Cain.

Respectfully submitted,

Richard D. Atkins, P.E.
Technical Examiner