

September 8, 2005

OIL AND GAS DOCKET NO. 7C-0243251

**APPLICATION OF ORBIT CRUDE INC. CONSIDER FIELD RULES FOR THE
BUCKHORN, S. (STRAWN) FIELD, CROCKETT COUNTY, TEXAS**

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

DATE OF HEARING: August 31, 2005

APPEARANCES:

Matt Manulik (via phone)

REPRESENTING:

Orbit Crude Inc.

EXAMINER'S REPORT AND RECOMMENDATION
STATEMENT OF THE CASE

This is the unopposed application of Orbit Crude Inc. for the Commission to consider field rules for the Buckhorn, S. (Strawn) Field that provide for:

1. The entire correlative interval from 8,314' to 8,492' subsurface depth as shown on the Compensated Neutron/LithoDensity log of the Delta U.S. Corp., Childress Well No. 1, Section 21, Blk CD, GC & SFRR Survey, Crockett County, Texas should be recognized and designated as the Buckhorn, S. (Strawn) Field.
2. Minimum well spacing of 467'/933' (lease line/between well),
3. 160 acre proration units with 10% tolerance and maximum diagonal of 4,500'.

Because there is only one well in the field, the applicant was given the choice of either withdrawing the optional 80 acre density requested and having the field rules adopted as permanent or having the proposed rules adopted as temporary subject to administrative review in 18 months to present data to substantiate the optional 80 acre units. The applicant withdrew the request for the optional 80 acre density. The examiner recommends approval of the rules as amended.

DISCUSSION OF THE EVIDENCE

The Buckhorn, S. (Strawn) Field was discovered in March 1985 at 8,313' subsurface depth by completion of the Delta U.S. Corp., Childress Well No. 1. The well produced for several years and was plugged in February 1988. Orbit Crude re-entered the well in February 2005 and perforated

the reservoir from 8,313' to 8,353' subsurface depth. The well potentialized at a highest flow rate of 387 MCFD and a calculated absolute open flow of 500 MCFD. The measured bottom hole pressure (Amerada Bomb) was 3,394 psia.

It is proposed that the entire correlative interval from 8,314' to 8,492' subsurface depth as shown on the Compensated Neutron/LithoDensity log of the Delta U.S. Corp., Childress Well No. 1, Section 21, Blk CD, GC & SF RR Survey, Crockett County, Texas should be recognized and designated as the Buckhorn, S. (Strawn) Field. Basic reservoir parameters are: average porosity is 8%, average water saturation is 30%, and the average net pay is 16 feet (gross thickness is 178'). The Strawn interval is a detrital conglomerate base topped with a massive limestone with streaks of sand and algae material in the upper portion of the Limestone Section.

Proration unit density of 160 acres is necessary to provide for the efficient and effective depletion of the reservoir. Cumulative production for the field is 34.4 MMCF of gas. The bulk of this production has occurred since the subject well has been re-entered at 33.2 MMCF of gas. Volumetric calculation determines the recoverable gas-in-place to be 4,621 MCF/Ac. Assuming an ultimate recovery of 750 MMCF, the calculated drainage area is 162.3 acres. Several other Strawn formation fields in the area provide for 160 acre density.

The proposed minimum well spacing, 467'/933' (leaseline/between well) will provide flexibility in locating wells in the subject field area.

FINDINGS OF FACT

1. Notice of this hearing was sent to all operators in the subject field at least ten (10) days prior to the subject hearing.
2. There was no protest at the call of the hearing.
3. The Buckhorn, S. (Strawn) Field was discovered in March 1985 at 8,313' subsurface depth by completion of the Delta U.S. Corp., Childress Well No. 1.
 - a. The field is governed by Statewide Rules.
 - b. The well produced for several years and was plugged in February 1988.
 - c. Orbit Crude re-entered the well in February 2005 and perforated the reservoir from 8,313' to 8,353' subsurface depth.
4. The entire correlative interval from 8,314' to 8,492' subsurface depth as shown on the Compensated Neutron/LithoDensity log of the Delta, U.S. Corp., Childress Well No. 1, Section 21, Blk CD, GC & SF RR Survey, Crockett County, Texas should be recognized and designated as the Buckhorn, S. (Strawn) Field.

5. Proration unit density of 160 acres is necessary to provide for the efficient and effective depletion of the reservoir.
 - a. Volumetric calculation determines the recoverable gas-in-place to be 4,621 MCF/Ac.
 - b. Assuming an ultimate recovery of 750 MMCF, the calculated drainage area is 162.3 acres.
 - c. Several other Strawn formation fields in the area provide for 160 acre density.
6. The proposed minimum well spacing, 467'/933' (leaseline/between well) will provide flexibility in locating wells in the subject field area.

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 their effectiveness and appropriate actions is a matter within the Commission jurisdiction.
4. Adoption of the proposed field rules 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 the proposed field rules for the Buckhorn, S. (Strawn) Field.

Respectfully submitted,

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