

**THE APPLICATION OF RUWCO OIL AND GAS CORP. TO CONSIDER TEMPORARY FIELD RULES FOR THE SAN SABA (CAMAR) FIELD, SCHLEICHER COUNTY, TEXAS**

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**Heard by:** Donna K. Chandler on June 28, 2007

**Appearances:**

Dale Miller

**Representing:**

Ruwco Oil and Gas Corp.

**EXAMINER'S REPORT AND RECOMMENDATION**

**STATEMENT OF THE CASE**

Ruwco Oil and Gas Corp. requests that temporary field rules be adopted for the San Saba (Camar) Field. The proposed rules are summarized as follows:

1. Designation of the field as the correlative interval from 4,212 feet to 4,302 feet as shown on the log of the Powell Well No. 3;
2. 660' - 1,320' well spacing;
3. 160 acre gas units with 10% tolerance and a maximum diagonal of 4,500 feet;
4. Allocation based on 100% acreage.

This application was unopposed and the examiner recommends adoption of the temporary field rules proposed by Ruwco subject to review in 18 months.

**DISCUSSION OF EVIDENCE**

The San Saba (Camar) Field was discovered in November 2005 upon completion of the Powell No. 3 as a gas well. Ruwco has recently completed a second well in the field, the Powell "23" No. 1, as an oil well.

The Powell No. 3 is perforated in the Upper Camar between 4,227 and 4,250 feet. On initial test, the well produced at a maximum rate of 1,507 MCFD, and current production is approximately 500 MCFD.

The average porosity of the reservoir is 14.7% and average water saturation is 13%. With 19 feet of net pay, the recoverable gas beneath 160 acres is estimated to be 1.6 BCF of gas. The Powell No. 3 has produced about 300 MMCF of gas. Estimated ultimate recovery for the well is 1.414 BCF of gas, resulting in a calculated drainage area of 143 acres.

Ruwco requests that the gas field be classified as associated-prorated. The Powell "23" No. 1 is a very marginal well, producing less than 10 BOPD and significant water on rod pump. The production from this oil well does not meet the Commission's criteria for regulation of the gas field pursuant to Rule 49(b).

Ruwco requests that the San Saba (Camar) Field be designated as the correlative interval from 4,212 feet to 4,302 feet as shown on the log of the Powell No. 3. This interval includes some lower sands not perforated in the Powell No. 3.

The requested 660'-1,320' well spacing is closer than normal for 160 acre density. This field is being developed using 3-D seismic and flexibility is needed in placing wells at optimum locations.

### **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 San Saba (Camar) Field was discovered in November 2005 upon completion of the Powell No. 3 by Ruwco Oil and Gas Corp.
3. Ruwco recently completed its Powell "23" No. 1 as an oil well in the field.
4. Rules providing for 160 acre density are appropriate for the San Saba (Camar) Field on a temporary basis.
  - a. Recoverable gas beneath 160 acres is estimated to be 1.6 BCF of gas.
  - b. The estimated ultimate recovery for the Powell No. 3 is 1.414 BCF of gas.
  - c. The calculated drainage area for the Powell No. 3 is 143 acres.
5. The San Saba (Camar) Field should be classified as associated-prorated because the Powell "23" No. 1 is a very marginal oil well. Restriction of the associated gas field is not necessary to prevent waste.

6. Spacing a minimum of 660 feet from lease lines and 1,320 feet between wells is necessary to provide flexibility in locating future wells based on 3-D seismic.
7. The San Saba (Camar) Field should be designated as the correlative interval from 4,212 feet to 4,302 feet as shown on the log of the Powell No. 3.
8. Allocation based on 100% acreage is a reasonable method of allocation which will protect the correlative rights of mineral owners in the field.

**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 the proposed field rules for the San Saba (Camar) Field on a temporary basis is necessary to prevent waste, protect correlative rights and promote development of the field.

**RECOMMENDATION**

Based on the above findings and conclusions of law, the examiner recommends adoption of temporary field rules for the San Saba (Camar) Field as set out in the attached Final Order, subject to review in 18 months.

Respectfully submitted,

Donna K. Chandler  
Technical Examiner