

THE APPLICATION OF MCCAMMON OIL & GAS, INC. TO CONSIDER TEMPORARY FIELD RULES FOR THE CRACK A DAWN (STRAWN "C") FIELD, CONCHO COUNTY, TEXAS

Heard by: Andres J. Trevino on January 24, 2008

Appearances:

Dale Miller

Representing:

McCammon Oil & Gas, Inc.

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

McCammon Oil & Gas, Inc. requests that temporary field rules be adopted for the Crack A Dawn (Strawn "C") Field. The proposed rules are summarized as follows:

1. Designation of the field as the correlative interval from 3,166 feet to 3,185 feet as shown on the log of the Lang No. 2;
2. 660' - 1,320' well spacing;
3. 80 acre gas units with 10% tolerance and a maximum diagonal of 3,250 feet;
4. Allocation based on 100% acreage.

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

DISCUSSION OF EVIDENCE

The Crack A Dawn (Strawn "C") Field was discovered in April 2007 upon completion of the Lang No. 2 by McCammon Oil & Gas. No other wells have been completed in the field.

The Lang No. 2 is perforated in the Strawn "C" between 3,163 and 3,184 feet. On initial test, the well produced at a maximum rate of 385 MCFD, and current production is approximately 100 MCFD.

The average porosity of the reservoir is 12% and average water saturation is 22%. With 7 feet of net pay, the recoverable gas beneath 80 acres is estimated to be 157 MMCF of gas. The Lang No. 2 has produced about 40 MMCF of gas. Estimated ultimate recovery for the well is 164 MMCF of gas, resulting in a calculated drainage area of 83 acres.

McCammon requests that the Crack A Dawn (Strawn "C") Field be designated as the correlative interval from 3,166 feet to 3,185 feet as shown on the log of the Lang No. 2. This interval includes the entire Strawn "C" sand.

The requested 660'-1,320' well spacing is standard spacing for 80 acre density. The proposed allocation based on 100% acreage is a reasonable formula which will protect correlative rights.

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 Crack A Dawn (Strawn "C") Field was discovered in April 2007 upon completion of the Lang No. 2 by McCammon Oil & Gas. No other wells have been completed in the field.
3. Rules providing for 80 acre density are appropriate for the Crack A Dawn (Strawn "C") Field on a temporary basis.
 - a. Recoverable gas beneath 80 acres is estimated to be 157 MMCF of gas.
 - b. The estimated ultimate recovery for the Lang No. 2 is 164 MMCF of gas.
 - c. The calculated drainage area for the Lang No. 2 is 83 acres.
4. The Crack A Dawn (Strawn "C") Field should be designated as the correlative interval from 3,166 feet to 3,185 feet as shown on the log of the Lang No. 2.
5. Well spacing which requires a minimum of 660 feet from lease lines and 1,320 feet between wells is standard for 80 acre density.
6. 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 Crack A Dawn (Strawn "C") 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 Crack A Dawn (Strawn "C") Field as set out in the attached Final Order, subject to review in 18 months.

Respectfully submitted,

Andres J. Trevino, P.E.
Technical Examiner