

THE APPLICATION OF WILLOWBEND INVESTMENTS, INC. TO AMEND FIELD RULES FOR THE BRANCH, SOUTH (TANNEHILL) FIELD, MENARD AND CONCHO COUNTIES, TEXAS

Heard by: Andres J. Trevino, P.E., Technical Examiner

Hearing Date: April 18, 2008

Appearances:

George C. Neale
Cary McGregor, P.E.
Josh Luig

Representing:

Willowbend Investments, Inc.

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

This is the unopposed application of Willowbend Investments, Inc. to amend the field rules as adopted in Order No. 7C-96,621, effective September 24, 1991, as amended, for the Branch, South (Tannehill) Field that currently provide for the following:

1. Correlative interval from 936 feet to 988 feet;
2. 330'-660' well spacing;
3. 20 acre oil units with 10 acre tolerance with optional 10 acre units and a 1,500 diagonal;
4. Allocation based on 100% per well.

Willowbend Investments, Inc. requests that field rules be amended as follows:

1. The entire correlative interval from 1,064 feet to 1,080 feet as shown on the Platform Express/Array Induction Log of the QuinTx - Whitehead No. 124, API No. 327-30924, Section 34, AB & M/Clay Tipton Survey, A-1607, Menard County, Texas, shall be designated as a single reservoir for proration purposes and be designated as the Branch, South (Tannehill) Field;
2. 165'-330' well spacing;

3. 20 acre oil units with 10 acre tolerance, optional 5 acre units;
4. Allocation based on 100% acreage.

This application was unopposed and the examiner recommends that the field rules for the Branch, South (Tannehill) Field be amended as requested.

DISCUSSION OF EVIDENCE

The Branch, South (Tannehill) Field was discovered in 1989 at a depth of approximately 974 feet. Cumulative production from the field is approximately 622,891 BO. As of April 2008, there are 28 active oil wells in the field which in total produce about 81 BOPD, and 1,096 BWPD. There is one other operator in the field, IPACT which operates 4 wells.

The majority of the field lies within the 15,000 acre Whitehead lease area. Another portion of the field lies 3 ½ miles from the main field area. The Whitehead lease is further broken into the North, Central and South accumulation areas. The South accumulation area is currently under going active development. Willowbend operates 24 of the 28 oil wells. Current oil production of 81 BOPD with a 93% water cut. Willowbend is redeveloping the field by drilling both producing and injection wells. Willowbend will ultimately use a four spot injection pattern. A favorable oil response has been detected from the current line drive injection pattern.

Drainage calculations performed show wells will drain between 2 ½ acres and 20 acres, justifying the optional 5 acre density. The Branch, South (Tannehill) Field is a narrow (approximately 2,200 feet wide) channel sand reservoir. Willowbend requests 165'-330' well spacing for the Branch, South (Tannehill) Field so that it can place injection wells in optimum locations within the narrow channel sand reservoir.

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. Field rules for the Branch, South (Tannehill) Field provide for 330'-660' well spacing, 20 acre oil units and allocation based on 100% per well.
3. The Branch, South (Tannehill) Field was discovered in 1989 and cumulative production from the field is approximately 622,891 BO.
4. Current production from the 28 active oil wells in the field is approximately 81 BOPD and 1096 BWPD.
5. The Branch, South (Tannehill) Field produces from the Tannehill sand, a

narrow channel sand deposit.

6. The Branch, South (Tannehill) Field should be designated as: the entire correlative interval between 1,064 feet to 1,080 feet as shown on the Platform Express/Array Induction Log of the QuinTx - Whitehead No. 124.
7. Wells in the field have drainage areas which vary significantly. Development with optional 5 acre density is necessary to maximize recovery from the field.
 - a. The Whitehead No. 122 has a calculated drainage area of 20.0 acres based on 16,050 BO ultimate recovery.
 - b. The Whitehead No. 133 has a calculated drainage area of 12.0 acres based on 11,231 BO ultimate recovery.
 - c. The Whitehead No. 124 has a calculated drainage area of 19.0 acres based on 15,390 BO ultimate recovery.
 - d. The Whitehead No. 130 has a calculated drainage area of 7.0 acres based on 5,078 BO ultimate recovery.
 - e. The Whitehead No. 131 has a calculated drainage area of 2.5 acres based on 1,710 BO ultimate recovery.
 - f. The Whitehead No. 123 has a calculated drainage area of 5.5 acres based on 4,253 BO ultimate recovery.
8. Development of the field on 20 acre units with an optional 5 acre density will allow the flexible placement of injection well locations within the narrow channel sand reservoir to maximize recovery from the field.
9. The proposed 165'-330' well spacing will accommodate development on optional 5 acre units.

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 rules for the Branch, South (Tannehill) Field is necessary to prevent waste and protect correlative rights.

RECOMMENDATION

Based on the above findings and conclusions of law, the examiner recommends that field rules for the Branch, South (Tannehill) Field be amended to provide for 20 acre units with optional 5 acre density and 165'-330' well spacing.

Respectfully submitted,

Andres J. Trevino, P.E.
Technical Examiner