

THE APPLICATION OF PIONEER NATURAL RES. USA, INC. TO AMEND FIELD RULES FOR THE SPRABERRY (TREND AREA) FIELD AND FOR BLANKET RULE 10 EXCEPTION FOR THE SPRABERRY (TREND AREA) FIELD AND VARIOUS STRAWN FIELDS, VARIOUS COUNTIES, TEXAS

Heard by: Donna K. Chandler, Technical Examiner

Hearing Date: July 22, 1010

Appearances:

Sandy Buch
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Heather Barcia
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Representing:

Pioneer Natural Res. USA, Inc.

Tim George

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EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Pioneer Natural Res. USA, Inc. requests that Rule 1 of the field rules for the Spraberry (Trend Area) Field be amended. The current rule is as follows:

1. Designation of the field as the correlative interval from 6,307 feet to 10,159 feet as shown on the log of the Amacker 67 Well No. 1.

Pioneer requests that Rule 1 be amended as follows:

1. Designation of the field as the correlative interval from 6,865 feet to 10,605 feet as shown on the log of the Houpt Well No. 1.

Pioneer further requests that the Commission approve a blanket Rule 10 exception for any well in the Spraberry (Trend Area) Field and any of the 150 Strawn fields listed on Attachment A.

This application was unopposed and the examiner recommends approval of the requested rule change and the requested Rule 10 authority.

DISCUSSION OF THE EVIDENCE

The Spraberry (Trend Area) Field covers approximately 2 million acres in portions of nine counties in the Midland Basin. In 1993, the field interval for the Spraberry (Trend Area) Field was defined based on the log of the Houpt No. 1. At that time, the Spraberry (Trend Area) Field designation did not include the Clearfork interval above the Spraberry formation. In 2007, the correlative interval for the field was amended to include the Clearfork. The current interval is from 6,307 feet to 10,159 feet based on the log of the Amacker 67 Well No. 1. This interval includes the Clearfork, Spraberry, Dean and Wolfcamp formations. However, the base of the correlative interval is not inclusive of the entire Wolfcamp. Pioneer now seeks to amend the designated interval to clarify that the Spraberry (Trend Area) Field extends to the top of the Strawn formation. This is more clearly demonstrated on the log of the Houpt No. 1 than the Amacker 67 No. 1. The proposed interval from 6,865 feet to 10,605 feet as shown on the log of the Houpt No. 1 includes the entire Wolfcamp. The amended field designation will make correlations easier because the top of the Strawn is easily recognized.

Pioneer has identified 150 Strawn fields in the geographic area covered by the Spraberry (Trend Area) Field. These Strawn fields include both oil and gas fields, many of which do not have any wells currently on the proration schedule. Pioneer has identified 106 Rule 10 exceptions which have been previously approved by the Commission for the Spraberry (Trend Area) Field and some of the Strawn fields now proposed for Rule 10 exception.

A typical completion in the Spraberry (Trend Area) Field is capable of initially producing about 55 BOPD. A typical Strawn completion is expected to initially produce at a rate of about 20 BOPD. Any commingled completion will likely require artificial lift, therefore eliminating any cross-flow problems between zones.

The Spraberry (Trend Area) Field is being actively developed. Between May 2008 and April 2010, 1,600 wells were drilled in the field and production increased from 90,000 BOPD to 120,000 BOPD. It is expected that this development will continue with infill drilling.

On average, a Spraberry well will ultimately recover approximately 95,000 BO and a Strawn well will recover approximately 15,000 BO. A stand-alone Strawn completion is not economic in many cases. As a result of commingling, incremental reserves of approximately 18,000 BO will be produced as a result of the lower combined economic limit.

It is requested that wells which are downhole commingled in the subject fields be assigned to the Spraberry (Trend Area) Field for proration purposes.

FINDINGS OF FACT

1. Notice of this hearing was issued to all operators in all of the subject fields.
2. The Spraberry (Trend Area) Field is currently designated as the correlative interval from 6,307 feet to 10,159 feet as shown on the log of the Amacker 67 Well No. 1. The base of the interval is in the Wolfcamp, approximately 40 feet above the top of the Strawn formation.
3. To ease in correlations of the base of the correlative interval for the Spraberry (Trend Area) Field, the field interval should be defined as the interval from 6,865 feet to 10,605 feet as shown on the log of the Houpt Well No. 1. The interval extends from the Clearfork marker to the top of the Strawn, including the Strawn, Spraberry, Dean and Wolfcamp formations.
4. There are at least 150 Strawn fields in the geographic area covered by the Spraberry (Trend Area) Field.
5. At least 106 Rule 10 exceptions have been approved by the Commission for the Spraberry (Trend Area) Field and many of the Strawn fields now proposed for Rule 10 exception.
6. Cross-flow between the fields is not expected. The wells will likely require artificial lift.
7. Downhole commingling production from these fields will result in the recovery of incremental reserves from the various fields proposed for commingling zones. It is estimated that an additional 18,000 BO per well will be recovered as a result of commingling.

CONCLUSIONS OF LAW

1. Proper notice was issued as required by all applicable codes and regulatory statutes.
2. All things have occurred and been accomplished to give the Commission jurisdiction in this matter.
3. Amending the correlative interval for the Spraberry (Trend Area) Field is necessary to prevent waste and protect correlative rights.
4. Approval of the requested Rule 10 exceptions for all wells in the Spraberry (Trend Area) Field and the Strawn fields listed on Attachment A will prevent waste and will not harm correlative rights.

EXAMINER'S RECOMMENDATION

Based on the above findings and conclusions, the examiner recommends approval of the requested change to Rule 1 of the field rules for the Spraberry (Trend Area) Field and approval of Rule 10 exceptions for all wells in the Spraberry (Trend Area) Field and the Strawn fields listed on Attachment A.

Respectfully submitted,

Donna K. Chandler
Technical Examiner

ATTACHMENT A

The operator of any well downhole commingled in the Spraberry (Trend Area) Field and one of the fields listed below shall file the appropriate completion forms, an abbreviated Rule 10 Data Sheet for Wells Subject to Fieldwide Rule 10 Exception, and the Rule 10 exception downhole commingling fee. Such applications may be approved without notice and hearing. This provision shall apply to the following fields:

STRAWN FIELDS

District	Field #	Field Name
7C	02207608	AMACKER-TIPPETT (STRAWN)
7C	02207684	AMACKER-TIPPETT (STRAWN -A-)
7C	02207760	AMACKER-TIPPETT (STRAWN LO)
7C	02207836	AMACKER-TIPPETT (STRAWN 9150)
7C	02208333	AMACKER-TIPPETT, EAST (STRAWN)
7C	02208666	AMACKER-TIPPETT, EAST (STRAWN-A-)
7C	02213500	AMACKER-TIPPETT, SE. (STRAWN)
7C	02213750	AMACKER-TIPPETT, SE (STRAWN DETR)
7C	02213875	AMACKER-TIPPETT, SE. (STRAWN LM)
7C	02220600	AMACKER-TIPPETT, SW (STRAWN)
7C	02221500	AMACKER-TIPPETT, W (STRAWN-DETR)
7C	02212666	AMACKER-TIPPETT, S (STRAWN 8750)
7C	02212777	AMACKER-TIPPETT, S (STRAWN 9250)
7C	02350600	AMIET (STRAWN)
8A	02404666	AMROW (STRAWN)
8A	02406333	AMROW, NORTH (STRAWN)
08	02726500	ANDREWS, EAST (STRAWN)
08	02727750	ANDREWS, NORTH (STRAWN)
08	03084500	ANTELOPE (STRAWN)
08	03635100	ARLIS (STRAWN)
08	04605666	AZALEA (STRAWN)
08	04607600	AZALEA, EAST (STRAWN)
08	04623500	AZALEA-HALE (STRAWN)
7C	04707498	B.F.P. (STRAWN)
8A	05228500	BALE (STRAWN)
08	06979950	BELSPEC (STRAWN)
08	07389500	BERRYHILL (STRAWN)
08	07629500	BETTY SUE (STRAWN)
08	07630500	BETTY SUE, SOUTH (STRAWN)
7C	07919747	BIG LAKE (STRAWN)
08	08044600	BIG SPRING (STRAWN)
08	08044800	BIG SPRING (STRAWN, LO.)
08	08730400	BLALOCK (STRAWN)
08	08734350	BLALOCK LAKE (STRAWN)
08	09450600	BLOCK 42 (STRAWN, LO.)
08	09450400	BLOCK 42 (STRAWN)
08	09172750	BLOCK 6 (STRAWN)

08	09175800	BLOCK 6, NE. (STRAWN)
08	09202830	BLOCK 9 (STRAWN)
08	08958800	BLOCK A-34 (STRAWN)
7C	09804750	BLUE DANUBE (STRAWN)
08	10548500	BOOKS (STRAWN)
08	11240600	BRADFORD RANCH (STRAWN)
08	11751400	BREEDLOVE (STRAWN)
08	11756600	BREEDLOVE, SOUTH (STRAWN)
8A	11803500	BRENNAND (STRAWN)
8A	16860666	CHAMPMON (STRAWN)
8A	16862333	CHAMPMON, NORTH (STRAWN)
8A	16862666	CHAMPMON, NORTH (STRAWN -B-)
08	18549666	CLARENCE SCHARBAUER (STRAWN)
7C	20569700	CORBETT, N. (STRAWN)
7C	20617600	CORDOVA (STRAWN)
08	21287625	COWDEN (STRAWN)
08	21289830	COWDEN, N. (STRAWN)
08	22290500	CURRIE RANCH (STRAWN)
08	23736600	DEADWOOD (STRAWN)
08	23739500	DEADWOOD, WEST (STRAWN)
08	24488525	DEWEY LAKE (STRAWN)
08	24489380	DEWEY LAKE, S. (STRAWN)
08	25395830	DORA ROBERTS (STRAWN)
08	28274200	ELBOW, S.E (STRAWN)
08	28899747	EMMA (STRAWN)
08	29248375	ERNIE PINNELL (STRAWN)
08	29887450	F.G. (STRAWN)
08	31498500	FLORAC (STRAWN)
08	31571500	FLORWILL (STRAWN)
7C	32449800	FRADEAN (STRAWN)
08	33989666	GARDEN CITY (STRAWN)
08	33992400	GARDEN CITY, NE. (STRAWN)
08	33997700	GARDEN CITY, NW (STRAWN)
08	33997800	GARDEN CITY, NW (STRAWN 9630)
08	33998429	GARDEN CITY, S. (STRAWN)
08	33999333	GARDEN CITY, SE. (STRAWN)
8A	34007500	GARLAND (STRAWN)
7C	34515500	GEORGETOWN (STRAWN, LOWER)
08	35155500	GLADYS COWDEN (STRAWN)
8A	35198500	GLASCO (STRAWN)
08	35199666	GLASCO, EAST (STRAWN)
08	36758500	GREENTREE, NORTH (STRAWN)
7C	36953500	GRIERSON SPRING (STRAWN)
7C	37503500	GUNNX
08	38227333	HALLANAN (STRAWN)
08	38461650	HAMILTON DRAW (STRAWN)
08	39969800	HEADLEE (STRAWN)
08	39971750	HEADLEE, N (STRAWN)
7C	41326500	HIGHLINE ROOST (STRAWN)
08	41895500	HODNETT (STRAWN REEF)

08	41923750	HOFFERKAMP (STRAWN)
08	42355500	HOLTON (STRAWN)
08	42711500	HORSELOT (STRAWN)
08	44521725	INEZ (STRAWN)
08	44790570	ISAAC (STRAWN)
08	44930200	J C (STRAWN)
7C	45316710	JACK HERBERT (STRAWN PENN.)
08	45455500	JACO (STRAWN)
08	45582666	JAMESON, NORTH (STRAWN)
08	48621600	KELLY-STEPHENS (STRAWN)
7C	49413800	KING MOUNTAIN (STRAWN)
7C	49413915	KING MOUNTAIN (STRAWN 9150)
7C	49415800	KING MOUNTAIN, N. (STRAWN)
08	49944666	KNOTT, SW (STRAWN)
08	53179666	LENORAH, WEST (STRAWN)
08	54535500	LOMAX (STRAWN)
08	55256852	LOWE (STRAWN)
08	55262500	LOWE, WEST (STRAWN)
08	56378750	MABEE (STRAWN)
08	56822750	MAGUTEX (STRAWN)
08	56824650	MAGUTEX N. (STRAWN)
7C	59336900	MCELROY (STRAWN)
08	60137625	MEANS (STRAWN)
08	60138500	MEANS, EAST (STRAWN)
08	61098750	MIDLAND, EAST (STRAWN)
08	61118664	MIDLAND FARMS (STRAWN)
08	61104666	MIDLAND, WEST (STRAWN)
08	61140500	MID-MAR (STRAWN)
08	61143800	MID-MAR, EAST (STRAWN)
08	61446375	MILLENIUM (STRAWN)
08	62433700	MON BAK (STRAWN)
08	62711600	MOORE (STRAWN 9500)
08	64277500	N. Y. Y. (STRAWN)
08	65598375	NO AMIGO (STRAWN)
08	71021430	PETTY 48 (UPPER STRAWN)
08	74080500	R. W. P. (STRAWN)
7C	75298700	RED HOUSE (STRAWN)
08	74041300	RK (STRAWN)
08	79229600	S. F. M. (STRAWN)
08	79689700	SAINT LAWRENCE (STRAWN)
08	79693650	SAINT LAWRENCE SOUTH (STRAWN)
08	79768500	SALE RANCH (STRAWN)
8A	81913750	SEAGRAVES (STRAWN)
8A	81920666	SEAGRAVES, W. (STRAWN)
8A	82231540	SEMINOLE, SE. (STRAWN)
8A	82401666	SEVEN YEARS (STRAWN)
08	83483600	SIDCO (STRAWN)
8	85280900	SPRABERRY (TREND AREA STRAWN)
7C	85397375	SPUG (STRAWN)
08	88991750	TEX-HARVEY (STRAWN)

08	90557500	TOM RANCH (STRAWN)
08	91056700	TRES AMIGOS (STRAWN)
7C	91212600	TRIGG (STRAWN)
7C	91424400	TRIUMPH (STRAWN DETRITAL)
08	92415500	UNDERWOOD (STRAWN)
7C	92503500	UNIVERSITY (PENN. STRAWN)
08	93958625	VIREY (STRAWN)
7C	94428400	W. RICHARDSON (STRAWN)
08	95237710	WARFIELD (STRAWN)
8A	96408664	WESCOTT (STRAWN)
08	96575500	WESTERFELD (STRAWN)
7C	97773664	WILLRODE (STRAWN)
7C	97773830	WILLRODE (STRAWN 9950)