

OIL AND GAS DOCKET NO. 7C-0275275

THE APPLICATION OF BOAZ ENERGY, LLC TO RENUMBER AND AMEND FIELD RULES FOR THE H-J (STRAWN) FIELD, TOM GREEN COUNTY, TEXAS

HEARD BY: Richard D. Atkins, P.E. - Technical Examiner
Gene Montes - Legal Examiner

DATE OF HEARING: April 18, 2012

APPEARANCES:

REPRESENTING:

APPLICANT:

Dale E. Miller
Casey Morton

Boaz Energy, LLC

EXAMINERS' REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Field Rules for the H-J (Strawn) Field were adopted in Final Order No. 7-30,356, effective September 7, 1954, as amended. The Field Rules are summarized as follows:

1. 510'-1,320' well spacing;
2. Gas-Oil ratio limit of 2,000 cubic feet per barrel;
3. Surface casing requirements;
4. 80 acre oil units;
5. Allocation based on 75% acres and 25% per well.

Boaz Energy, LLC ("Boaz") requests that the Field Rules be renumbered and amended to provide for a correlative interval, 330'-660' well spacing, 80 acre oil units with optional 20 acre density and the filing of Form P-15 with no proration plats and allocation based on 90% per well and 10% acres.

The application is unopposed and the examiners recommend that Field Rules for the H-J (Strawn) Field be renumbered and amended, as proposed by Boaz.

DISCUSSION OF EVIDENCE

The H-J (Strawn) Field was discovered in March 1954 at an average depth of 5,500 feet. There are 15 producing oil wells and four operators carried on the proration schedule. The field operates under Field Rules that provide for 510'-1,320' well spacing, 80 acre oil units and allocation based on 75% acres and 25% per well. Cumulative production from the field through January 2012 is 31.1 MMBO and 27.0 BCFG.

There is currently no defined correlative interval for the field. Boaz requests that the field be defined as the correlative interval from 5,250 feet to 5,682 feet as shown on the log of the Exxon Corp. - Joe Funk Lease, Well No. 18 (API No. 42-451-32255), Section 16, A. Owens Survey, A-7865, Tom Green County, Texas. This interval includes the entire Strawn formation. Based on available reservoir data, Boaz calculated an average matrix porosity of 7%, an average water saturation of 12%, an average net pay of 50 feet and an estimated recovery factor of 60%. High water cuts indicate water and solution gas drives are the primary drive mechanisms for the reservoir.

Boaz provided drainage area calculations for all wells on 13 leases that have produced from the field. The drainage areas range from less than one acre up to a maximum of 76 acres. The average drainage area was calculated to be approximately 25 acres and seven leases had drainage areas of less than 20 acres. Boaz will be actively developing the field by drilling infill wells and requests that Field Rules be renumbered and amended to provide for 330'-660' well spacing, 80 acre oil units with optional 20 acre density and allocation based on 90% per well and 10% acres.

Boaz also requests that proration unit plats not be required for individual wells, but that Form P-15 be filed to designate the number of acres to be assigned to each well for proration purposes.

FINDINGS OF FACT

1. Notice of this hearing was given to all persons entitled to notice and no protests were received.
2. The H-J (Strawn) Field was discovered in March 1954 at an average depth of 5,500 feet.
 - a. There are 15 producing oil wells and four operators carried on the proration schedule.
 - b. The field operates under Field Rules that provide for 510'-1,320' well spacing, 80 acre oil units and allocation based on 75% acres and 25% per well.

3. The correlative interval from 5,250 feet to 5,682 feet as shown on the log of the Exxon Corp. - Joe Funk Lease, Well No. 18 (API No. 42-451-32255), should be designated as a single reservoir for proration purposes and be designated as the H-J (Strawn) Field. This interval includes the entire Strawn formation.
4. Based on available reservoir data, Boaz calculated an average matrix porosity of 7%, an average water saturation of 12%, an average net pay of 50 feet and an estimated recovery factor of 60%.
5. High water cuts indicate water and solution gas drives are the primary drive mechanisms for the reservoir.
6. Boaz provided drainage area calculations for all wells on 13 leases that have produced from the field.
 - a. The drainage areas range from less than one acre up to a maximum of 76 acres.
 - b. The average drainage area was calculated to be approximately 25 acres and seven leases had drainage areas of less than 20 acres.
7. Boaz will be actively developing the field by drilling infill wells.
8. Field Rules that provide for 330'-660' well spacing, 80 acre oil units with optional 20 acre density and allocation based on 90% per well and 10% acres are appropriate for the field.
9. The filing of Form P-15 to designate the number of acres to be assigned to each well for proration purposes with no proration unit plats will eliminate unnecessary paperwork.

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. Renumbering and amending Field Rules for the H-J (Strawn) Field is necessary to prevent waste, protect correlative rights and promote development of the field.

RECOMMENDATION

Based on the above findings of fact and conclusions of law, the examiners recommend that the Commission renumber and amend Field Rules for the H-J (Strawn) Field, as proposed by Boaz Energy, LLC.

Respectfully submitted,

Richard D. Atkins, P.E.
Technical Examiner

Gene Montes
Legal Examiner