



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL AND GAS DOCKET NO. 7C-0278843

THE APPLICATION OF NORDAN OIL & GAS CORPORATION TO ADOPT FIELD RULES FOR THE JOHN P (ELLENBURGER) FIELD, MENARD COUNTY, TEXAS

HEARD BY: Andres J. Trevino, P.E. - Technical Examiner
Michael Crnich- Legal Examiner

DATE OF HEARING: November 9, 2012

APPEARANCES:

REPRESENTING:

APPLICANT:

Earl Siegel
Laddie C. Galloway

Nordan Oil & Gas Corporation

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

The field rules (Statewide Rules) for the John P (Ellenburger) Field are summarized as follows:

1. 467'-1,200' well spacing;
2. 40 acre oil units with 20 acre tolerance;
3. Allocation based on 100% per well.

Nordan Oil & Gas Corporation requests that field rules be adopted as follows :

1. Designation of the field as the correlative interval from 2,920 feet to 3,388 feet as shown on the log of the Davis No. 3;

2. 330'-933' well spacing;
3. 40 acre oil units with 20 acre tolerance; (No Change)
4. Allocation based on 100% acreage.(No Change)

Nordan originally requested well spacing of 330'/933' well spacing. During the hearing, Nordan agreed to designate an interval for the field. This application was unopposed and the examiner recommends that the field rules for the John P (Ellenburger) Field be amended as requested.

DISCUSSION OF EVIDENCE

The John P (Ellenburger) Field was discovered in February 2011 at a depth of approximately 2,971 feet. Cumulative production from the field is approximately 36,518 BO. There are four active oil wells and one gas well in the field, the wells are operated by Nordan. There are no other operators in the field.

Nordan request additional flexibility in locating wells in the John P (Ellenburger) Field. Nordan requests 330'-933 well spacing. The wells in the field are believed to produce from individual oil accumulations and are not connected by as a single reservoir. The Ellenburger reservoirs are complex and have been identified existing between fault lines and through seismic data. The Ellenburger formation was faulted during the Pennsylvanian age and several wells are believed to produce from brecciated karst debris. The flexible well spacing of 330'-933' will allow Nordan to drill new wells at irregular locations where they believe the oil accumulations exist without the need to file numerous Rule 37 exceptions.

Production and reservoir data shows the Ellenburger as having 8% porosity, 10% water saturation with a 20 foot net pay thickness. Wells completed in the John P (Ellenburger) Field are typically completed in the upper top 100 feet of the Ellenburger. The designated interval from 2,920 feet to 3,388 feet as shown on the log of the Davis No. 3 includes the entire Ellenburger formation should additional pay zones be found in deeper sections of the Ellenburger in the future.

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. Statewide field rules for the John P (Ellenburger) Field provide for 467'-1,200' well spacing, 40 acre oil units and allocation based on 100% per well.
3. The John P (Ellenburger) Field was discovered in February 2011 and

cumulative production from the field is approximately 36,518 BO.

4. The wells in the field are believed to produce from individual oil accumulations and are not connected by as a single reservoir.
5. The Ellenburger reservoirs are complex and have been identified existing between fault lines and through seismic data. The Ellenburger formation was faulted during the Pennsylvanian age and several wells are believed to produce from brecciated karst debris.
6. The flexible well spacing of 330'-933' will allow Nordan to drill new wells at irregular locations where they believe the oil accumulations exist without the need to file numerous Rule 37 exceptions.
7. Wells completed in the John P (Ellenburger) Field are typically completed in the upper top 100 feet of the Ellenburger.
8. The John P (Ellenburger) Field should be designated as the entire correlative interval between 2,920 feet to 3,388 feet as shown on the log of the Davis No. 3. The interval includes the entire Ellenburger formation.

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. Adopting field rules for the John P (Ellenburger) Field is necessary to prevent waste and protect correlative rights.

RECOMMENDATION

Based on the above findings and conclusions of law, the examiners recommend that field rules for the John P (Ellenburger) Field be adopted to provide for a designated interval and 330'-933' well spacing.

Respectfully submitted,



Andres J. Trevino, P.E.
Technical Examiner



Michael Crnich
Legal Examiner