

OIL AND GAS DOCKET NO. 08-0255293

THE APPLICATION OF CITATION OIL & GAS CORP. TO AMEND FIELD RULE NO. 3 FOR THE BREEDLOVE "B" (CLEARFORK) FIELD, MARTIN COUNTY, TEXAS

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

Hearing Date: February 29, 2008

Appearances:

Representing:

Dale E. Miller
Luis Aceves

Citation Oil & Gas Corp.

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

This is the unopposed application of Citation Oil & Gas Corp. for the Commission to amend the Field Rule No. 3 for the Breedlove "B" (Clearfork) Field as adopted in Order No. 08-0236891, effective February 4, 2004, as amended, which currently provides for:

1. Designation of the field as the correlative interval from 7,156 feet to 7,490 feet as shown on the log of the Citation Oil & Gas Corp.'s, Erwin Eoff No. 1;
2. 467'-1,200' well spacing;
3. 80 acre oil units with 40 acre tolerance;
4. Allocation based on 100% per well.

Citation Oil & Gas Corp. requests that Field Rule 3 be adopted as follows :

3. 80 acre oil units, maximum diagonal of 3,250', 40 acre optional units, maximum diagonal of 2,100';

The examiner recommends that the Field Rule 3 for the Breedlove "B" (Clearfork) Field be amended as requested.

DISCUSSION OF EVIDENCE

The Breedlove "B" (Clearfork) Field was discovered in 1985 at a depth of approximately 7,473 feet. Cumulative production from the field is approximately 776,419

BO. As of February 2008, there are 17 active oil wells in the field which in total produce about 444.2 BOPD. There are two other operators in the field, Endeavor Energy Resources and Boyd & McWilliams Energy Group.

Field rules were first adopted in February 2004, with Oil & Gas Docket 08-0236891. At the time there were 8 producing wells in the field. Additional/updated information has been gathered about the reservoir (porosity & water saturation values) that was not available at that time. The drainage radius calculations demonstrate the need for smaller drilling units. Citation provided drainage calculations for two wells in the field. The estimated drainage area for each well ranged from 7.9 to 39.5 acres. These calculations are based on a porosity of 6%, water saturation of 19.5%, net pay thickness of 48 feet and a recovery factor of 15%. In 2004, it was believed water saturation was 60% and net pay thickness was 15 feet. The estimated ultimate recovery for the two wells in the field range from 16,647 to 83,162 BO.

Numerous other Clearfork fields in the area have similar 80/40 acre density as the proposed Breedlove "B" (Clearfork) Field rules.

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 Breedlove "B" (Clearfork) Field provide for 467'-1,200' well spacing, 80 acre oil units and allocation based on 100% per well.
3. The Breedlove "B" (Clearfork) Field was discovered in 1985 and cumulative production from the field is approximately 776,419 BO.
4. Current production from the 17 active oil wells in the field is approximately 444.2 BOPD total.
5. A density rule providing for 80/optional 40 acre units is appropriate for the field.
 - a. The calculated drainage area for the Citation's, Eoff Erwin No. 1, is about 39.5 acres based on 83,162 BO estimated ultimate recovery.
 - b. The calculated drainage area for the Boyd & McWilliams Energy Group, Mallard Breedlove No. 1, is about 7.9 acres based on 16,647 BO estimated ultimate recovery.
7. Numerous other Clearfork fields in the area have similar 80/40 acre density.

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 Rule No. 3 for the Breedlove "B" (Clearfork) 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 Rule No. 3 for the Breedlove "B" (Clearfork) Field be amended to provide for 80 acre units with optional 40 acre density.

Respectfully submitted,

Andres J. Trevino, P.E.
Technical Examiner