

OIL AND GAS DOCKET NO. 08-0258733

THE APPLICATION OF BROWNING OIL COMPANY, INC. TO CONSIDER ADOPTION OF TEMPORARY FIELD RULES FOR THE CAMPO PETROLERO (CONNELL) FIELD, PECOS COUNTY, TEXAS

Heard by: Donna K. Chandler on September 30, 2008

Appearances:

Dale Miller
Ian Stewart

Representing:

Browning Oil Company, Inc.

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Browning Oil Company, Inc. requests that temporary field rules be adopted for the Campo Petrolero (Connell) Field. The proposed rules are summarized as follows:

1. Designation of the field as the correlative interval from 6,510 feet to 6,568 feet as shown on the log of the Pecos Valley 34 Well No. 2;
2. 467'- 1,200' well spacing;
3. 160 acre oil units with 40 acre tolerance and a maximum diagonal of 4,500 feet; optional 40 acre units with a maximum diagonal of 2,100 feet;
4. Allocation based on 100% acreage.

This application was unopposed and the examiner recommends adoption of the temporary field rules proposed by Browning Oil Company, subject to review in 18 months.

DISCUSSION OF EVIDENCE

The Campo Petrolero (Connell) Field was discovered in February 2008. There are three producing oil wells in the field, all operated by Browning Oil Company. Production is from a depth of approximately 6,550 feet.

Cumulative production from the field is 72,300 BO and 222 MMCF of gas. Current production is approximately 230 BOPD and 470 MCFD from the three wells.

Average porosity of the reservoir is 9% and average water saturation is 18%. Average net pay is 12 feet. Recoverable reserves beneath 160 acres are estimated to be 142,000 BO. Recoverable reserves beneath 40 acres are estimated to be 35,000 BO. The Pecos Valley 34 No. 1 has produced approximately 31,000 BO and will ultimately recover 105,000 BO. These equates to a drainage area of 118 acres. The Pecos Valley 34 No. 2 has produced approximately 31,000 BO and will ultimately recover 136,000 BO. The calculated drainage area for this well is 153 acres. The Pecos Valley 34 No. 3 has produced 21,000 BO and will ultimately recover only 37,000 BO. The calculated drainage area for this well is only 42 acres.

Browning requests that the field be designated at the correlative interval between 6,510 and 6,568 feet as shown on the log of the Pecos Valley 34 No. 2. This is the entire Connell interval.

Browning requests the normal spacing in conjunction with the 40 acre density. The requested allocation formula based on 100% acres will protect correlative rights.

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. The Campo Petrolero (Connell) Field was discovered in February 2008 and there are three producing oil wells in the field, all operated by Browning Oil Company.
3. Field rules providing for 160/optional 40 acre density are appropriate for this field on a temporary basis.
 - a. Recoverable reserves beneath 160 acres are estimated to be 142,000 BO.
 - b. Recoverable reserves beneath 40 acres are estimated to be 35,000 BO.
 - c. The calculated drainage area for the Pecos Valley 34 No. 1 is 118 acres.
 - d. The calculated drainage area for the Pecos Valley 34 No. 2 is 153 acres.
 - e. The calculated drainage area for the Pecos Valley 34 No. 3 is 42

acres.

4. Well spacing a minimum of 467 feet from lease lines and 1,200 feet between wells is the standard spacing associated with 40 acre density.
5. The Campo Petrolero (Connell) Field should be designated as the correlative interval from 6,510 feet to 6,568 feet as shown on the log of the Pecos Valley 34 Well No. 2.
6. Allocation based on 100% acreage is a reasonable method of allocation which will protect the correlative rights of mineral owners in the field.

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. Adoption of the proposed field rules for the Campo Petrolero (Connell) Field on a temporary basis is necessary to prevent waste, protect correlative rights and promote development of the field.

RECOMMENDATION

Based on the above findings and conclusions of law, the examiner recommends that the Commission adopt the field rules proposed by Browning Oil Company, Inc. for the Campo Petrolero (Connell) Field on a temporary basis, subject to review in 18 months.

Respectfully submitted,

Donna K. Chandler
Technical Examiner