

THE APPLICATION OF BROWNING OIL COMPANY, INC. TO ADOPT FIELD RULES FOR THE HOBAN (WOLFCAMP) FIELD, REEVES COUNTY, TEXAS

Heard by: Donna K. Chandler on October 15, 2008

Appearances:

Dale Miller

Representing:

Browning Oil Company, Inc.

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

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

1. Designation of the field as the correlative interval from 10,224 feet to 10,384 feet as shown on the log of the Perry State 264 No. 1H;
2. 467'-1,200' well spacing, with no limitation on spacing between a horizontal well and a vertical well;
3. 160 acre/optional 40 acre density, with special provisions for assignment of acreage to horizontal wells;
4. Allocation based on 100% acreage.

This application was unopposed and the examiner recommends that the rules proposed by Browning Oil Company, Inc. be adopted on a permanent basis for the Hoban (Wolfcamp) Field.

DISCUSSION OF EVIDENCE

The Hoban (Wolfcamp) Field was discovered in 1968 and a total of six wells have been completed in the field. There are currently four wells producing from the field, three of which are operated by Browning. All three of Browning's wells are horizontal wells and Browning has plans to drill approximately five additional wells. Cumulative production from the field is approximately 190,000 BO.

The discovery well for the field was the Powers No. 1. This well produced 122,000 BO prior to being plugged and abandoned in 1993. Browning calculated recoverable reserves beneath 160 acres in this field to be 145,000 BO. This estimate is based on the following reservoir properties: 9.3% average porosity, 41% average water saturation and 20 feet of pay. The Powers No. 1 drained approximately 135 acres. The Graves No. 1, also completed in 1968, is expected to ultimately recover only 31,000 BO. The Graves No. 1 will drain only 35 acres.

Browning drilled its Perry State No. 1 in May 2007 as a vertical well. In June 2008, a 1,400 foot horizontal lateral was drilled in the well and the well currently produced 60-70 BOPD. Browning drilled two more vertical wells in 2007, the Chevron Minerals No. 1 and the Jordan 51-16 No. 1. Each of these wells have just recently been recompleted with horizontal laterals of approximately 4,000 feet. There is no test information for these two newest horizontal drainhole wells. The horizontal rules proposed by Browning for purposes of assigning acreage are similar to those which have been adopted in several Wolfcamp and Devonian fields in Reeves County.

Browning requests a spacing rule that requires a minimum of 467 feet from lease lines and 1,200 feet between wells. This proposed spacing is standard for 40 acre development. Browning also requests that there be no minimum between-well spacing requirement between a horizontal well and a vertical well.

It is requested that the field be defined as the correlative interval from 10,224 feet to 10,384 feet as shown on the log of the Perry State 264 Well No. 1. Browning requests that the allocation formula be based on 100% acreage.

FINDINGS OF FACT

1. Notice of this hearing was given to all persons entitled to notice and no protests were received.
2. The Hoban (Wolfcamp) Field was discovered in 1968. There have been six oil wells completed in the field and there are currently four producing wells.
3. The Hoban (Wolfcamp) Field should be defined as the correlative interval from 10,224 feet to 10,384 feet as shown on the Perry State 264 Well No. 1.
4. Adoption of a 160/optional 40 acre density rule for the field is appropriate.
 - a. The Powers No. 1 produced 122,000 BO prior to being plugged and abandoned in 1993.

- b. Recoverable reserves beneath 160 acres in this field are estimated to be 145,000 BO.
 - c. The Graves No. 1 is expected to ultimately recover only 31,000 BO.
 - d. The Powers No. 1 and the Graves No. 1 are vertical wells.
- 5. Browning has recently drilled three wells in the field with horizontal laterals. The proposed horizontal rules are similar to those which have been adopted in numerous other Wolfcamp and Devonian fields in Reeves County.
 - 6. A spacing rule providing for a minimum of 467 feet from lease lines and 1,200 feet between wells will accommodate development on 40 acres density.
 - 7. Allocation based on 100% acreage is a reasonable formula which will protect 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 Hoban (Wolfcamp) Field 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 Hoban (Wolfcamp) Field.

Respectfully submitted,

Donna K. Chandler
Technical Examiner