

THE APPLICATION OF R K PETROLEUM CORP. TO CONSIDER PERMANENT FIELD RULES FOR THE RK (STRAWN) FIELD, MARTIN COUNTY, TEXAS

Heard by: Donna K. Chandler on May 11, 2010

Appearances:

Dick Schmidt

Representing:

R K Petroleum Corp.

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

R K Petroleum Corp. requests that field rules be adopted for the RK (Strawn) Field. The proposed rules are summarized as follows:

1. Designation of the field as the correlative interval from 10,680 feet to 10,872 feet as shown on the log of the G. T. Hall No. 1;
2. 467'-1,200' well spacing;
3. 80 acre/optional 40 acre density;
4. Allocation based on 100% acreage.

This application was unopposed and the examiner recommends that the rules proposed by R K Petroleum Corp. be adopted on a permanent basis for the RK (Strawn) Field.

DISCUSSION OF EVIDENCE

The RK (Strawn) Field was discovered in 1992. A total of 15 wells have been completed in the field and there are currently eight wells carried on the proration schedule. RK Petroleum drilled three wells in the field in 2009. Prior to that recent development, the most recent drilling was in 2006. Cumulative production from the field is approximately 400,000 BO.

There is currently no defined field interval for the field. R K requests that the field be defined as the correlative interval from 10,680 feet to 10,872 feet as shown on the G. T. Hall No. 1. This well was the discovery well for the field. The interval includes the entire Strawn.

R K requests that a density rule be adopted for the field which provides for 80/optional 40 acres. Drainage areas were calculated for three wells in the field. The G. T. Hall No. 1 produced 32,000 BO prior to developing a casing leak and was plugged in 1998. The projected ultimate recovery for this well was 50,000 BO. With 6% average porosity and 13 feet of pay, the calculated drainage area for the well is 74 acres. The Fannie Baldwin No. 2 was also completed in 1992. After producing only 12,000 BO, this well also developed a casing leak. It is estimated that this well would have ultimately recovered 25,000 BO and drained 34 acres. The Ann Cole Trust No. 1, a recent well, has produced over 30,000 BO and is expected to ultimately recover over 115,000 BO. This well has 36 feet of pay and the calculated drainage area is 78 acres.

R K requests a spacing rule that requires a minimum of 467 feet from lease lines and 1,200 feet between wells. This proposed spacing will accommodate 40 acre optional development.

FINDINGS OF FACT

1. Notice of this hearing was given to all persons entitled to notice and no protests were received.
2. The RK (Strawn) Field was discovered in 1992 and 15 wells have been completed in the field.
3. Cumulative production from the field is approximately 400,000 BO.
5. The RK (Strawn) Field should be defined as the correlative interval from 10,680 feet to 10,872 feet as shown on the G. T. Hall No 1. This interval includes the entire Strawn section.
6. Adoption of a 80 acre/40 acre optional density rule for the field is appropriate.
 - a. The projected ultimate recovery for the G. T. Hall No. 1 is 50,000 BO. The calculated drainage area for the well is 74 acres.
 - b. The projected ultimate recovery for the Fannie Baldwin No. 2 is 25,000 BO. The calculated drainage area for the well is 34 acres.
 - c. The projected ultimate recovery for the Ann Cole Trust No. 1 is 115,000 BO. The calculated drainage area is 78 acres.
7. A spacing rule providing for a minimum of 467 feet from lease lines and

1,200 feet between wells is standard spacing for 40 acre density.

8. Allocation based on 100% acreage is a reasonable formula which will protect correlative rights and meet statutory requirements.

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 RK (Strawn) 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 RK Petroleum Corp. for the RK (Strawn) Field.

Respectfully submitted,

Donna K. Chandler
Technical Examiner