

OIL AND GAS DOCKET NO. 08-0267630

THE APPLICATION OF FASKEN OIL AND RANCH, LTD. TO CONSIDER ADOPTION OF PERMANENT FIELD RULES FOR THE LOWE, WEST (STRAWN) FIELD, ANDREWS COUNTY, TEXAS

Heard by: Donna K. Chandler on October 20, 2010

Appearances:

Jim Cowden
Jimmy Carlile (by phone)
Stonnie Pollock (by phone)

Representing:

Fasken Oil and Ranch, Ltd.

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Fasken Oil and Ranch, Ltd. requests that field rules be adopted for the Lowe, West (Strawn) Field. The proposed rules are summarized as follows:

1. Designation of the field as the correlative interval from 10,583 feet to 11,066 feet as shown on the log of the David Fasken 28 Well No. 1;
2. 467'- 660' well spacing;
3. 40 acre oil units with 20 acre tolerance and a maximum diagonal of 2,100 feet; optional 20 acre units with a maximum diagonal of 1,500 feet;
4. Allocation based on 100% acreage.

This application was unopposed and the examiner recommends adoption of the field rules proposed by Fasken.

DISCUSSION OF EVIDENCE

The Lowe, West (Strawn) Field was discovered in 1971 upon completion of the David Fasken 28 No. 1. Two other very marginal wells were completed in the field but there are no wells currently in the field. The field operates under Statewide Rules. Fasken Oil and Ranch, Ltd. has a leasehold of 220 sections and is actively developing the

Spraberry (Trend Area) Field. This acreage is situated around the Lowe, West (Strawn) Field.

There are many Strawn designated fields in the area of Fasken's leasehold. The Commission has recently approved blanket downhole commingling authority for the Spraberry (Trend Area) Field and approximately 150 Strawn Fields, including the Lowe, West (Strawn) Field. The Spraberry (Trend Area) Field includes the Clearfork, Spraberry, Dean and Wolfcamp formations.

In developing the Spraberry (Trend Area) Field, Fasken plans to simultaneously complete the Strawn formation. Most Strawn completions are not "stand alone" and must be commingled with other zones in order to be economic. Generally, Strawn completions produce approximately 20,000 BO. Fasken plans to permit its Strawn completions in the Lowe, West (Strawn) Field. Field rules which provide for optional 20 acre density and 467'-660' well spacing are consistent with the Spraberry field rules and will facilitate development of the Strawn.

Fasken requests that the Lowe, West (Strawn) Field be designated at the correlative interval from 10,583 feet to 11,066 feet as shown on the log of the David Fasken 28 Well No. 1. This interval includes the entire Strawn, down to the top of the Atoka Shale.

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 Lowe, West (Strawn) Field was discovered in 1971 and there are no wells currently in the field. The field operates under Statewide Rules.
3. Field rules providing for 40 acre/optional 20 acre density are appropriate for the subject field to facilitate simultaneous development of the Strawn with the Spraberry (Trend Area) Field.
4. Fasken is actively developing its leasehold in the Spraberry (Trend Area) Field which is productive just above the Strawn formation.
5. The Commission has recently approved Rule 10 downhole commingling authority for the Spraberry (Trend Area) Field and approximately 150 Strawn fields, including the Lowe, West (Strawn) Field.
6. Single completions in the Strawn are generally not economically feasible.

7. Well spacing a minimum of 467 feet from lease lines and 660 feet between wells is consistent with the spacing rule for the Spraberry (Trend Area) Field.
8. The Lowe, West (Strawn) Field should be designated as the correlative interval from 4,276 feet to 4,310 feet as shown on the log of the Hayley Well No. 1.
9. 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 Lowe, West (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 Fasken Oil and Ranch, Ltd. for the Lowe, West (Strawn) Field.

Respectfully submitted,

Donna K. Chandler
Technical Examiner