

THE APPLICATION OF ROYALTY LAND & DEV. CO., INC. TO ADOPT FIELD RULES FOR THE DEWEY LAKE (ATOKA) FIELD, GLASSCOCK AND HOWARD COUNTIES, TEXAS

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

Hearing Date: August 16, 2011

Appearances:

Dale Miller

Representing:

Royalty Land & Dev. Co., Inc.

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Royalty Land & Dev. Co., Inc. requests that field rules for the Dewey Lake (Atoka) Field be adopted. The field is currently governed by Statewide Rules that provide for a 467'-1,200' well spacing. Royalty requests that the between well spacing be reduced from 1,200' to 660' and a designated interval be included. Royalty proposes the following rules for the field:

1. Designation of the field as the correlative interval from 10,198 feet to 10,270 feet as shown on the log of the Davis Oil Company, Lois Blalock Lease Well No. 4;
2. 467'-660' well spacing, 40 acre drilling units;

Royalty requests the drilling unit remain at 40 acre units. This application was unprotested and the examiner recommends that the field rules for the Dewey Lake (Atoka) Field be amended as proposed by Royalty Land & Dev. Co., Inc..

DISCUSSION OF EVIDENCE

The Dewey Lake (Atoka) Field was discovered in 1983 at a depth of approximately 10,460 feet. Cumulative production from the field is approximately 21,080 BO. As of August 2011, there is one oil well and one gas well in the field. Royalty operates the oil well in the field which is currently producing 5 BOPD.

Royalty requests 467'-660' well spacing for the Dewey Lake (Atoka) Field so that it

can commingle wells in the Dewey Lake (Strawn) Field and the Spraberry (Trend Area) Field. The 467'/660' spacing rules have already been adopted for the Spraberry (Trend Area) Field. The 467'/660' spacing will allow Royalty to fully develop the existing wellbores by allowing the commingling of additional pay zones without having to file unnecessary Rule 37 exceptions. The proposed amended rules will allow greater flexibility in producing remaining reserves existing behind the wellbore to efficiently drain the reserves and prevent waste.

The entire combined correlative interval from 10,198 feet to 10,270 feet as shown on the Dual Induction, Focused log of the Davis Oil Company, Lois Blalock Lease Well No. 4, should be designated as the Dewey Lake (Atoka) Field. The proposed interval includes the entire Atoka formation.

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. Statewide field rules for the Dewey Lake (Atoka) Field provide for 467'-1,200' well spacing, 40 acre oil units.
3. The Dewey Lake (Atoka) Field was discovered in 1983 and cumulative production from the field is approximately 21,080 BO.
4. The entire combined correlative interval from 10,198 feet to 10,270 feet as shown on the Dual Induction, Focused log of the Davis Oil Company, Lois Blalock Lease Well No. 4, should be designated as the Dewey Lake (Atoka) Field. The proposed interval includes the entire Atoka formation.
5. Deeper wells completed in the Strawn and Atoka formations are commonly commingled with the shallower Spraberry (Trend Area) Field.
6. The Spraberry (Trend Area) Field currently has 467'/660 well spacing.
7. The proposed 467'-660' well spacing will accommodate additional commingling of the Dewey Lake (Atoka) Field with the Dewey Lake (Strawn) Field and the Spraberry (Trend Area) Field.
8. The 467'/660' spacing will allow Royalty to commingling additional pay zones without having to file unnecessary Rule 37 exceptions. The proposed amended rules will allow greater reserve recovery that exists behind the pipe and prevent waste.

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. Adopting field rules for the Dewey Lake (Atoka) 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 rules for the Dewey Lake (Atoka) Field be adopted to provide for a designated interval and 467'-660' well spacing.

Respectfully submitted,

Andres J. Trevino, P.E.
Technical Examiner