

THE APPLICATION OF MCCLURE OIL COMPANY, INC. TO AMEND FIELD RULES FOR THE VETERANS (UPPER LEONARD) FIELD, GLASSCOCK COUNTY, TEXAS

Heard by: Donna K. Chandler on January 21, 2011

Appearances:

Dick Marshall
Roy Williamson, Jr.

Representing:

McClure Oil Company, Inc.

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Field rules for the Veterans (Upper Leonard) Field were adopted on September 30, 2009 in Final Order No. 08-0262195. The field rules are summarized as follows:

1. Designation of the Veterans (Upper Leonard) Field as the correlative interval from 4,886 feet to 5,028 feet as shown on the log of the Archer No. 1;
2. 467' - 933' well spacing;
3. 80 acre proration units with optional 40 acre units;
4. Allocation based on 100% acreage.

McClure requests that the spacing rule be amended to provide for 330'-660' and that optional 20 acre units be adopted for the field.

This application was uprotested and the examiner recommends approval of the proposed amendments to the field rules.

DISCUSSION OF EVIDENCE

The Veterans (Upper Leonard) Field was discovered upon completion of the Archer No. 1 by McClure Oil Company at a depth of approximately 5,024 feet. There are currently 15 producing oil wells in the field, all operated by McClure. Cumulative production from the field is almost 350,000 BO and monthly production is approximately 15,000 BPOM.

Ultimate recoveries were estimated for all 15 wells in the field and found to range from less than 10,000 BO to over 300,000 BO. Net pay ranges from 50-100 feet in the wells. Average porosity is 9.3% and average water saturation is 61%. Many of the

calculated drainage areas are less than 40 acres. McClure plans to drill the field down to 20 acres in many areas in order to fully develop all of the productive acreage. The requested 330'-660' spacing will accommodate development on 20 acre units.

The current field rules were subject to review in 2010. McClure requests that the amended rules be made permanent and that no further administrative review of the rules be required.

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. Field rules for the Veterans (Upper Leonard) Field were adopted on September 30, 2009 in Final Order No. 08-0262195 and provide for a designated interval, 467' - 933' well spacing, 80 acre/optional 40 acre density, and allocation based on 100% acreage.
3. McClure Oil Company discovered the Veterans (Upper Leonard) Field with completion of its Archer No. 1. There are currently 15 producing oil wells in the field, all operated by McClure.
4. Cumulative production from the field is almost 350,000 BO and monthly production is approximately 15,000 BPOM.
5. An optional 20 acre density rule is appropriate for the field.
 - a. Ultimate recoveries for the 15 wells range from less than 10,000 BO to over 300,000 BO.
 - b. Net pay ranges from 50-100 feet in the wells.
 - c. Many of the calculated drainage areas for wells in the field are less than 40 acres.
6. Well spacing a minimum of 330 feet from lease lines and 660 feet between wells will accommodate development on 20 acre units.

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. Amending the field rules as requested will prevent waste, protect correlative rights and promote the orderly development of the field.

RECOMMENDATION

Based on the above findings and conclusions of law, the examiner recommends that the field rules for the Veterans (Upper Leonard) Field be amended as requested by McClure and that the amended rules be made permanent.

Respectfully submitted,

Donna K. Chandler
Technical Examiner