

**THE APPLICATION OF PETROPLEX ENERGY INC. TO ADOPT FIELD RULES FOR THE GLADYS COWDEN (STRAWN) FIELD, MARTIN AND MIDLAND COUNTIES, TEXAS**

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**HEARD BY:** Richard D. Atkins, P.E. - Technical Examiner

**DATE OF HEARING:** September 21, 2011

**APPEARANCES:**

**REPRESENTING:**

**APPLICANT:**

Rick Johnston

Petroplex Energy Inc.

**EXAMINER'S REPORT AND RECOMMENDATION**

**STATEMENT OF THE CASE**

Petroplex Energy Inc. ("Petroplex") requests that Field Rules be adopted for the Gladys Cowden (Strawn) Field. The proposed Field Rules are summarized as follows:

1. Designation of the field as the correlative interval from 10,480 feet to 11,020 feet as shown on the log of the Petroplex Energy Inc. - Button Estes "7" Lease, Well No. 3 (API No. 42-329-35205);
2. 467'-660' well spacing;
3. Allocation based on 100% acreage with a top allowable based on the 1947 Yardstick Allowable of 230 BOPD.

This application was unopposed and the examiner recommends that Field Rules be adopted for the Gladys Cowden (Strawn) Field, as proposed by Petroplex.

**DISCUSSION OF EVIDENCE**

The Gladys Cowden (Strawn) Field was discovered in November 1956 at an average depth of 10,400 feet. The field operates under Statewide Rules and there are no producing oil wells carried on the proration schedule. Cumulative production from the field through August 2011 is 23.5 MBO.

There is currently no defined correlative interval for the field. Petroplex requests

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that the field be defined as the correlative interval from 10,480 feet to 11,020 feet as shown on the log of the Petroplex Energy Inc. - Button Estes "7" Lease, Well No. 3 (API No. 42-329-35205), Section 7, Block 39, T-1-S, T&P RR Co. Survey, Midland County, Texas. This interval includes the entire Strawn formation.

Petroplex is planning on drilling infill wells and requests 467'-660' well spacing. The Gladys Cowden (Strawn) Field is listed under a Blanket Statewide Rule 10 Commingling Order with the Spraberry (Trend Area) Field in Docket No. 7C-0266343, effective August 24, 2010. For consistency, Petroplex is proposing the same spacing rule for the field that exists in the shallower Spraberry (Trend Area) Field. This will enable the zones to be downhole commingled in both fields without burdensome Statewide Rule 37 exceptions.

Petroplex also requests that the allocation formula be based on 100% acreage with a top allowable based on the 1947 Yardstick Allowable of 230 BOPD.

### **FINDINGS OF FACT**

1. Notice of this hearing was given to all persons entitled to notice and no protests were received.
2. The Gladys Cowden (Strawn) Field was discovered in November 1956 at an average depth of 10,400 feet.
3. The field operates under Statewide Rules and there are no producing oil wells carried on the proration schedule.
4. The Gladys Cowden (Strawn) Field should be defined as the correlative interval from 10,480 feet to 11,020 feet as shown on the log of the Petroplex Energy Inc. - Button Estes "7" Lease, Well No. 3 (API No. 42-329-35205). This interval includes the entire Strawn formation.
5. The Gladys Cowden (Strawn) Field is listed under a Blanket Statewide Rule 10 Commingling Order with the Spraberry (Trend Area) Field in Docket No. 7C-0266343, effective August 24, 2010.
6. Well Spacing of 467'-660' is appropriate for the field.
7. The same spacing rule that exists in the shallower Spraberry (Trend Area) Field will enable the zones to be downhole commingled in both fields without burdensome Statewide Rule 37 exceptions.
8. Allocation based on 100% acreage with a top allowable based on the 1947 Yardstick Allowable of 230 BOPD 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 Gladys Cowden (Strawn) Field is necessary to prevent waste, protect correlative rights and promote development of the field.

**RECOMMENDATION**

Based on the above findings of fact and conclusions of law, the examiner recommends that the Commission adopt the Field Rules for the Gladys Cowden (Strawn) Field, as proposed by Petroplex Energy Inc.

Respectfully submitted,

Richard D. Atkins, P.E.  
Technical Examiner