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# RAILROAD COMMISSION OF TEXAS

## HEARINGS DIVISION

**OIL AND GAS DOCKET NO. 08-0280635**

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**THE APPLICATION OF FINLEY RESOURCES, INC., LLC TO AMEND FIELD RULES  
FOR THE VEALMOOR FIELD, HOWARD COUNTY, TEXAS**

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**Heard by:** Andres J. Trevino, P.E., Technical Examiner  
Laura Miles-Valdez, Hearings Examiner

**Hearing Date:** March 7, 2013

**Appearances:**

Cary McGregor  
Scott Ramsey

**Representing:**

Finley Resources, Inc.

### EXAMINER'S REPORT AND RECOMMENDATION

#### STATEMENT OF THE CASE

Special field rules for the Vealmoor Field are summarized as follows:

1. 560'-1,200' well spacing;
2. 40 acre oil units with 20 acre tolerance;
3. Allocation based on 75 % acres and 25% per well.

Finley Resources, Inc. requests that field rules be amended as follows:

1. Designation of the field as the correlative interval from 7,806 feet to 7,954 feet as shown on the Densilog of the Howell Petroleum Corp.'s W.J. McAdams Lease No. 5;
2. 330'-0' well spacing;
3. 40 acre units with 20 acre tolerance; (No Change)

4. Allocation based on 75 % acres and 25% per well. (No Change)

This application was unopposed and the examiners recommend that the field rules for the Vealmoor Field be amended as requested.

### **DISCUSSION OF EVIDENCE**

The Vealmoor Field was discovered in 1948 at a depth of approximately 7,934 feet. Cumulative production from the field is approximately 40,199,816 BO. The field has had as many as 93 wells but currently has only nine producing wells on the proration schedule. Finley Resources, Inc. has drilled two new wells in the field. There are three other operators in the field.

The proposed rules are to add a designated interval and 330'/0' well spacing. The field is mostly plugged and nearly depleted. The reservoir is a Pennsylvanian carbonate reef with a strong water drive. Finley Resources has reworked existing seismic and mapping data and has identified structural high spots and undrained lens within the mostly plugged field. Finley Resources drilled two new wells, the McAdams, W. J. No. 3 and the Jessie Neal No. 1. The wells had initial potentials of 30 and 53 BOPD. Finley Resources believes there are sufficient reserves remaining in the high spots and undrained lenses to justify redeveloping the field. The proposed well spacing rules will allow greater flexibility in drilling new wells between previously producing wells in spots within the reef carbonate structure to recover remaining reserves and prevent waste. Finley Resources plans to drill up to five additional wells that would otherwise require Rule 37 exceptions without the proposed well spacing amendments.

The designated interval from 7,806 feet to 7,954 feet as shown on the log of the Howell Petroleum Corp.'s W.J. McAdams Lease No. 5 includes the entire Canyon Reef formation. The original oil water contact was found at a depth of 7,872 feet.

Finley Resources requests no changes in density or allocation rules.

### **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. Special Field rules for the Vealmoor Field provide for 560'-1,200' well spacing, 40 acre oil units and allocation based on 75% acreage and 25% per well.
3. The Vealmoor Field was discovered in 1948 and cumulative production from the field is approximately 40,199,816 BO.

4. The reservoir is a Pennsylvanian carbonate reef with a strong water drive. Finley Resources has reworked existing seismic and mapping data and has identified structural high spots and undrained lens within the mostly plugged field.
5. Finley Resources drilled two new wells the McAdams, W. J. No. 3 and the Jessie Neal No.1 within the high spots. The wells had initial potentials of 30 and 53 BOPD.
6. Initial production data from the McAdams, W. J. No. 3 and the Jessie Neal No.1 indicate there are sufficient reserves remaining in the structural high spots and undrained lenses to justify redeveloping the field.
7. The Vealmoor Field should be designated as the entire correlative interval between 7,806 feet to 7,954 feet as shown on the log of the Howell Petroleum Corp.'s W.J. McAdams Lease No. 5. The interval includes the entire Canyon Reef formation.
8. The proposed 330'-0' well spacing will allow maximum flexibility in drilling new wells between previously producing wells in high spots or undrained lenses to recover remaining reserves and prevent waste without the need for Rule 37 exceptions.

#### **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 Vealmoor Field is necessary to prevent waste and protect correlative rights.

#### **RECOMMENDATION**

Based on the above findings and conclusions of law, the examiners recommend that field rules for the Vealmoor Field be amended to provide for a designated interval and 330'-0' well spacing.



Andres J. Trevino, P.E.  
Technical Examiner

Respectfully submitted,



Laura Miles-Valdez  
Legal Examiner