

October 24, 2007

OIL AND GAS DOCKET NO. 8A-0252927

APPLICATION OF SHARP IMAGE ENERGY, INC. TO CONSIDER TEMPORARY FIELD RULES FOR THE COOPER CREEK (STRAWN "C") FIELD, KENT COUNTY, TEXAS

HEARD BY: Thomas H. Richter, P.E.

DATE OF HEARING: October 23, 2007

APPEARANCES:

Dale E. Miller

REPRESENTING:

Sharp Image Energy, Inc

EXAMINER'S REPORT AND RECOMMENDATION
STATEMENT OF THE CASE

This is the unprotested application of Sharp Image Energy, Inc. for the Commission to adopt temporary field rules for the Cooper Creek (Strawn "C") Field that provide for:

1. The entire correlative interval from 6,923' to 7,020' subsurface depth as shown on the Spectral Density Compensated Neutron log of the Sharp Image Energy, Inc., Cooper Creek Lease Well No. 1, (API No. 42-263-31775), Kent County, Texas should be recognized and designated as the Cooper Creek (Strawn "C") Field.
2. Minimum well spacing of 660'/1320' (lease line/between well),
3. 80 acre proration units with 40 acre tolerance and maximum diagonal of 3,250';
4. An allocation formula based on 100% acreage.

The examiner recommends approval of the application.

DISCUSSION OF THE EVIDENCE

The Cooper Creek (Strawn "C") Field was discovered March 13, 2007 by completion of the Sharp Image Energy, Inc., Cooper Creek Lease Well No. 1 through perforations from 6,932' to 6,940' subsurface depth. The well potentialled at 160 BOPD, no gas and no water. A second well, the Sharp Image, Cooper Creek 11B Lease Well No. 3 was completed June 10, 2007.

It is proposed that the entire correlative interval from 6,923' to 7,020' subsurface depth as

shown on the Spectral Density Compensated Neutron log of the Sharp Image Energy, Inc., Cooper Creek Lease Well No. 1, (API No. 42-263-31775), Kent County, Texas should be recognized and designated as the Cooper Creek (Strawn "C") Field.

Proration unit density of 80 acres is necessary to provide for the efficient and effective depletion of the reservoir. Basic reservoir parameters are: average porosity is 12%, average water saturation is 14%, and the average net pay is 20 feet. Volumetric analysis calculates recoverable oil underlying 80 acres to be 403,520 barrels (5,044 BO/Ac.) based on a 40% recovery factor as the reservoir energy is the result of an apparent strong water drive. The Cooper Creek Well No. 1 has cumulative production of 32,000 BO as of October 2007. Decline analysis estimates the remaining recoverable oil-in-place to be 321,000 BO. The calculated drainage area is 70 acres.

The proposed minimum well spacing, 660'/1320' (leaseline/between well), will provide flexibility in locating wells in the subject field and is the minimum well spacing that is associated with 80 acre proration unit density.

An allocation formula based on 100% acreage will provide for the protection of correlative rights pursuant to State Statutes.

Notice of the hearing was published in the *Texas Spur*, a newspaper of general circulation in Dickens and Kent Counties, on September 27 and October 4, 11 and 18, 2007.

FINDINGS OF FACT

1. Notice of this hearing was sent to all operators in the subject field at least ten (10) days prior to the subject hearing. Notice of the hearing was published in the *Texas Spur*, a newspaper of general circulation in Dickens and Kent Counties, on September 27 and October 4, 11 and 18, 2007.
2. There was no protest at the call of the hearing.
3. The Cooper Creek (Strawn "C") Field was discovered March 13, 2007 by completion of the Sharp Image Energy, Inc., Cooper Creek Lease Well No. 1 through perforations from 6,932' to 6,940' subsurface depth.
4. The entire correlative interval from 6,923' to 7,020' subsurface depth as shown on the Spectral Density Compensated Neutron log of the Sharp Image Energy, Inc., Cooper Creek Lease Well No. 1, (API No. 42-263-31775), Kent County, Texas should be recognized and designated as the Cooper Creek (Strawn "C") Field.
5. Proration unit density of 80 acres is necessary to provide for the efficient and effective depletion of the reservoir.
 - a. Volumetric analysis calculates recoverable oil underlying 80 acres to be 403,520

barrels (5,044 BO/Ac.) based on a 40% recovery factor as the reservoir energy is the result of an apparent strong water drive.

- b. The Cooper Creek Well No. 1 has cumulative production of 32,000 BO as of October 2007.
 - c. Decline analysis estimates the remaining recoverable oil-in-place to be 321,000 BO and the calculated drainage area is 70 acres.
- 6. The proposed minimum well spacing, 660'/1320' (leaseline/between well), will provide flexibility in locating wells in the subject field and is the minimum well spacing that is associated with 80 acre proration unit density.
 - 7. An allocation formula based on 100% acreage will provide for the protection of correlative rights pursuant to State Statutes.

CONCLUSIONS OF LAW

- 1. Proper notice was given to all parties as set out in the provisions of all applicable codes and regulatory statutes.
- 2. All things have occurred and been accomplished to give the Commission jurisdiction in this matter.
- 3. Consideration of temporary field rules is a matter within the Commission jurisdiction.
- 4. Adoption of the proposed temporary field rules will prevent waste, foster conservation and protect correlative rights.

EXAMINER'S RECOMMENDATION

Based on the above findings and conclusions of law, the examiner recommends approval of the proposed temporary field rules for the Cooper Creek (Strawn "C") Field for a period of 18 months subject to Commission review as stated in the attached order.

Respectfully submitted,

Thomas H. Richter, P.E.
Technical Examiner
Office of General Counsel