

THE APPLICATION OF JOHN M. CLARK, INC. TO ADOPT TEMPORARY FIELD RULES FOR THE DUST DEVIL (SILURIAN) FIELD, GAINES COUNTY, TEXAS

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

DATE OF HEARING: October 7, 2010

APPEARANCES:

REPRESENTING:

APPLICANT:

Dale E. Miller

John M. Clark, Inc.

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

The Dust Devil (Silurian) Field is currently on Statewide Rules.

John M. Clark, Inc. ("Clark") requests that Temporary Field Rules be adopted for the Dust Devil (Silurian) Field, subject to review in 18 months. The proposed rules are summarized as follows:

1. Designation of the field as the correlative interval from 13,445 feet to 13,545 feet as shown on the log of the John M. Clark, Inc. - Williams Lease, Well No. 1;
2. 660'-1,320' well spacing;
3. 80 acre oil units with a maximum diagonal of 3,250 feet;
4. Allocation based on 100% acres.

This application was unopposed and the examiner recommends that Field Rules for the Dust Devil (Silurian) Field be adopted, as proposed by Clark.

DISCUSSION OF EVIDENCE

The Dust Devil (Silurian) Field was discovered in March 2010 at an average depth of 13,400 feet. The field is currently under Statewide Rules and has one producing oil well carried on the proration schedule. Clark is currently the only operator in the field.

Cumulative production from the field through July 2010 is 5.8 MBO. The casinghead gas volume is too small to measure.

Clark requests that the correlative interval from 13,445 feet to 13,545 feet as shown on the log of the John M. Clark, Inc. - Williams Lease, Well No. 1 (API No. 42-165-37052), Section 80, Block G, WTRR Co. Survey, Abstract 1234, Gaines County, Texas, be designated as a single reservoir for proration purposes and be designated as the Dust Devil (Silurian) Field. The field is composed of a single porosity zone contained within the Silurian formation. The zone has an average matrix porosity of 8%, an average water saturation of 40%, an average net pay thickness of 20 feet and an estimated recovery factor of 30%. Declining fluid rates and low water cuts indicate solution gas drive as the primary drive mechanism for the reservoir.

Clark provided a drainage area calculation for the one producing well in the field that showed an estimated drainage area of 76 acres. Clark will be actively developing the field by drilling infill wells that are located based on a 3-D seismic survey. As a result, Clark requests that Temporary Field Rules be adopted to provide for 660'-1,320' well spacing, 80 acre oil units with a maximum diagonal of 3,250 feet and allocation based on 100% acres. Clark also submitted a tabulation of approximately 250 oil fields in RRC District 8A that had adopted Field Rules similar to the ones proposed in this application. The tabulation contained 7 Silurian fields.

FINDINGS OF FACT

1. Notice of this hearing was given to all persons entitled to notice and no protests were received.
2. The Dust Devil (Silurian) Field was discovered in March 2010 at an average depth of 13,400 feet.
3. The field is currently under Statewide Rules and has one producing oil well carried on the proration schedule. Clark is currently the only operator in the field.
4. Clark requests that the correlative interval from 13,445 feet to 13,545 feet as shown on the log of the John M. Clark, Inc. - Williams Lease, Well No. 1 (API No. 42-165-37052), be designated as a single reservoir for proration purposes and be designated as the Dust Devil (Silurian) Field.
5. The field is composed of a single porosity zone contained within the Silurian formation. The zone has an average matrix porosity of 8%, an average water saturation of 40%, an average net pay thickness of 20 feet and an estimated recovery factor of 30%.

6. Declining fluid rates and low water cuts indicate solution gas drive as the primary drive mechanism for the reservoir.
7. Clark provided a drainage area calculation for the one producing well in the field that showed an estimated drainage area of 76 acres.
8. Temporary Field Rules that provide for 660'-1,320' well spacing, 80 acre oil units with a maximum diagonal of 3,250 feet and allocation based on 100% acres are appropriate for the field.
9. Field Rules have been adopted in 7 Silurian fields and approximately 250 other similar fields in RRC District 8A.

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 Temporary Field Rules for the Dust Devil (Silurian) 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 Temporary Field Rules for the Dust Devil (Silurian) Field be adopted subject to review in 18 months, as proposed by John M. Clark, Inc.

Respectfully submitted,

Richard D. Atkins, P.E.
Technical Examiner