

**THE APPLICATION OF SHERIDAN PRODUCTION COMPANY, LLC TO AMEND AND
RENUMBER FIELD RULES FOR THE HOOPLE (CLEAR FORK) FIELD, CROSBY AND
LUBBOCK COUNTIES, TEXAS**

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

HEARING DATE: July 29, 2011

APPEARANCES:

REPRESENTING:

APPLICANT:

Don Rhodes
Cary McGregor
Steve Ginnings

Sheridan Production Company, LLC

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Field Rules for the Hoople (Clear Fork) Field were adopted in Final Order No. 8A-74,647, effective March 3, 1980. The Field Rules are summarized as follows:

1. 330'-933' well spacing;
2. 40 acre oil units with optional 20 acre density;
3. Allocation based on 100% acres with a 1965 Yardstick Allowable of 93 BOPD.

Sheridan Production Company, LLC ("Sheridan") requests that Field Rules for the Hoople (Clear Fork) Field be amended and renumbered as follows:

1. Designation of the field as the correlative interval from 4,267 feet to 5,118 feet, as shown on the log of the Juno Operating Company, LLC - Aoco-Hoople (Clearfork) Unit, Well No. 161R (API No. 42-107-31239);
2. 330'-467' well spacing;
3. 40 acre oil units with optional 10 acre density;
4. Allocation based on 100% acres with a 1965 Yardstick Allowable of 93 BOPD.

The application was unopposed and the examiner recommends that Field Rules for the Hoople (Clear Fork) Field be amended and renumbered, as proposed by Sheridan.

DISCUSSION OF THE EVIDENCE

The Hoople (Clear Fork) Field was discovered in May 1976 at an average depth of 4,400 feet. There are 337 producing oil wells and 13 operators carried on the proration schedule. Current Field Rules provide for 330'-933' well spacing and 40 acre oil units with optional 20 acre density. Cumulative production from the field through April 2011 is 9.2 MMBO and 560.0 MMCFG.

There is currently no defined field interval for the field. Sheridan requests that the field be defined as the correlative interval from 4,267 feet to 5,118 feet, as shown on the log of the Juno Operating Company, LLC - Aoco-Hoople (Clearfork) Unit, Well No. 161R (API No. 42-107-31239), Section 1043, Block 1, H&OB RR Co. Survey, A-263, Crosby County, Texas. This interval includes the entire Clear Fork formation.

Sheridan is planning on drilling infill wells and requests Field Rules that provide for 330'-467' well spacing and 40 acre oil units with optional 10 acre density to provide consistency in developing the field and allow greater flexibility in selecting future drilling locations. From the available reservoir data, Sheridan estimated an average porosity of 10%, an average water saturation of 35%, an average net pay of 48 feet and a recovery factor of 14.5%.

Sheridan calculated drainage areas for 40 wells in the field. The drainage areas ranged from 35 acres down to 5 acres, with an average of 18 acres. All but two wells had drainage areas less than 20 acres. Sheridan submitted a table which showed that 13 Clear Fork fields in RRC Districts 7C, 8 and 8A already have similar spacing and density rules. The table included the Ownby, Goldsmith, Snyder and Westbrook (Clear Fork) Fields.

FINDINGS OF FACT

1. Notice of this application and hearing was provided to all persons entitled to notice at least ten (10) days prior to the date of the hearing.
2. The Hoople (Clear Fork) Field was discovered in May 1976 at an average depth of 4,400 feet. There are 337 producing oil wells and 13 operators carried on the proration schedule.
3. Current Field Rules provide for 330'-933' well spacing and 40 acre oil units with optional 20 acre density.
4. The Hoople (Clear Fork) Field should be defined as the correlative interval

from 4,267 feet to 5,118 feet, as shown on the log of the Juno Operating Company, LLC - Aoco-Hoople (Clearfork) Unit, Well No. 161R (API No. 42-107-31239). This interval includes the entire Clear Fork formation.

5. Adoption of 330'-467' well spacing and 40 acre oil units with optional 10 acre density for the Hoople (Clear Fork) Field is appropriate.
 - a. The calculated drainage areas for 40 wells in the field ranged from 35 acres down to 5 acres, with an average of 18 acres. All but two wells had drainage areas less than 20 acres.
 - b. Thirteen Clear Fork fields in RRC Districts 7C, 8 and 8A already have similar spacing and density rules. The list includes the Ownby, Goldsmith, Snyder and Westbrook (Clear Fork) Fields.
 - c. Sheridan is planning on drilling infill wells and Field Rules that provide for 330'-467' well spacing and 40 acre oil units with optional 10 acre density will provide consistency in developing the field and will allow greater flexibility in selecting future drilling locations.

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 and renumbering the Field Rules for the Hoople (Clear Fork) 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 amend and renumber the Field Rules for the Hoople (Clear Fork) Field, as requested by Sheridan Production Company, LLC.

Respectfully submitted,

Richard D. Atkins, P.E.
Technical Examiner