

**OIL AND GAS DOCKET NO. 8A-0261303**

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**THE APPLICATION OF RAW OIL & GAS, INC. TO AMEND THE FIELD RULES FOR THE EARNEST (6500 SAND) FIELD, SCURRY COUNTY, TEXAS**

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**Heard by:** Donna K. Chandler on April 20, 2009

**Appearances:**

Dale Miller

**Representing:**

RAW Oil & Gas, Inc.

**EXAMINER'S REPORT AND RECOMMENDATION**

**STATEMENT OF THE CASE**

Field rules for the Earnest (6500 Sand) Field were adopted in Order No. 8A-64,581, effective December 30, 1974. The rules in effect for the field are summarized as follows:

1. 660'-1,867' well spacing;
2. 160 acre oil units with 40 acre tolerance;
3. 100% acreage allocation;
4. Fieldwide net GOR with a daily gas limit of 500 MCFD.

RAW requests that the field rules be amended as follows:

1. Designation of the field as the correlative interval from 6,946 feet to 7,027 feet as shown on the log of the Earnest Estate No. 1;
2. 330'-660' well spacing, with no minimum well spacing between vertical and horizontal wells; special provisions for 100 foot overlap between horizontal wells;
3. 160 acre oil units with 40 acre tolerance;
4. 100% acreage allocation with correction of top allowable;
5. Fieldwide net GOR with 500 MCFD daily gas limit.

The examiner recommends that the field rules for the Earnest (6500 Sand) Field be amended as proposed by RAW.

**DISCUSSION OF EVIDENCE**

The Earnest (6500 Sand) Field was discovered in 1956 and a total of 22 wells have been completed in the field. Cumulative production from the field is approximately 375,000 BO and 376 MMCF of gas.

There are currently three producing wells in the field, two operated by King Operating Corporation, and one well operated by RAW, which is not yet on the proration schedule. This new well had a potential of 200 BOPD. The two existing vertical wells produce only 5-6 BOPD.

RAW requests that the field be defined as the correlative interval from 6,946 feet to 7,027 feet as shown on the log of the Earnest Estate No. 1. This interval includes the entire Strawn Sand which is productive in this field.

RAW's recent well, the Good Time No. 1, is the first horizontal completion in the field. Approximately 20 horizontal wells are planned for the field. RAW requests flexibility in well spacing in order to place the horizontal wells at optimum locations. It is also requested that the between-well spacing limitation be eliminated between horizontal and vertical wells.

The top allowable in the field is shown to be 111 BOPD. However, the 1947 yardstick allowable for this depth should be 231 BOPD. RAW requests that the top allowable in the field be corrected.

**FINDINGS OF FACT**

1. Notice of this hearing was given to all persons entitled to notice and no protests were received.
2. The Earnest (6500 Sand) Field was discovered in 1956 and a total of 22 wells have been completed in the field.
4. Field rules for the Earnest (6500 Sand) Field were adopted on December 30, 1974 and provide for 660'-1,867' well spacing, 160 acre oil units with 40 acre tolerance and 100% acreage allocation. There is also a fieldwide net GOR with a daily gas limit of 500 MCFD.

5. There are currently three producing wells in the field, two operated by King Operating Corporation, and one new horizontal well operated by RAW Oil & Gas.
6. The Earnest (6500 Sand) Field should be defined as the correlative interval from 6,946 feet to 7,027 feet as shown on the log of the Earnest Estate No. 1.
7. There is significant horizontal development planned for the field. Flexibility in well spacing and elimination of the between-well spacing limitation between horizontal and vertical wells will provide for orderly development of the field with horizontal wells.
8. The top allowable in the field is shown to be 111 BOPD. The 1947 yardstick allowable for this depth is 231 BOPD.

**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 the field rules for the Earnest (6500 Sand) Field is necessary to prevent waste, protect correlative rights and promote development of the field.

**RECOMMENDATION**

Based on the above findings and conclusions of law, the examiner recommends that the Commission amend the field rules for the Earnest (6500 Sand) Field as proposed by RAW Oil & Gas.

Respectfully submitted,

Donna K. Chandler  
Technical Examiner