



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL AND GAS DOCKET NO. 03-0281870

THE APPLICATION OF CENTURY EXPLORATION HOUSTON, LLC TO CONSIDER A NEW FIELD DESIGNATION AND TO ADOPT FIELD RULES FOR THE PROPOSED ADAMS RANCH (YEGUA EY) FIELD, ORANGE COUNTY, TEXAS

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

HEARING DATE: April 29, 2013

APPEARANCES: **REPRESENTING:**

APPLICANT:

Rick Johnston

Century Exploration Houston, LLC

EXAMINERS' REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Century Exploration Houston, LLC ("Century") requests that a new field designation called the Adams Ranch (Yegua EY) Field, ID No. 00650 950, be approved for its Keith Davis Lease, Well No. 1. Century proposes that the following Field Rules be adopted for the new field:

1. Designation of the field as the correlative interval from 10,690 feet to 11,150 feet as shown on the log of the J. M. Huber - Mil-Vid Lease, Well No. 1 (API No. 42-361-30614);
2. Allocation based on 95% deliverability and 5% per well with AOF status.

The application is unprotested and the examiners recommend approval of the new field designation and adoption of Field Rules for the Adams Ranch (Yegua EY) Field, as proposed by Century.

DISCUSSION OF THE EVIDENCE

Century completed its Keith Davis Lease, Well No. 1, in January 2012 with perforations in the Yegua formation from 10,694 (TVD) feet to 10,756 (TVD) feet. On initial test, the well produced flowing at a maximum rate of 7.5 MMCFGPD and 192 BOPD with a gas-oil ratio of 39,318 cubic feet per barrel. There is no comparable production within a 2.5 mile radius of the discovery well.

A new field designation should be approved for the Keith Davis Lease, Well No. 1. Century requests that the field be defined as the correlative interval from 10,690 feet to 11,150 feet as shown on the log of the J. M. Huber Corporation - Mil-Vid Lease, Well No. 1 (API No. 42-361-30614), H Filley Survey, A-81, Orange County, Texas. The correlative interval includes the entire Yegua EY Sands 1 through 4 formations.

Century proposes that the field remain on Statewide Rules for spacing and density. To satisfy state statutes, Century requests that a two factor allocation formula based on 95% deliverability and 5% per well be adopted for the field. Century also requests that the allocation formula be suspended, as there is a 100% market demand for all of the gas produced from the field.

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. Century Exploration Houston, LLC ("Century") completed its Keith Davis Lease, Well No. 1, in January 2012 with perforations in the Yegua formation from 10,694 (TVD) feet to 10,756 (TVD) feet. On initial test, the well produced flowing at a maximum rate of 7.5 MMCFGPD and 192 BOPD with a gas-oil ratio of 39,318 cubic feet per barrel.
3. The Keith Davis Lease, Well No. 1, is entitled to a new field designation as there is no comparable production within a 2.5 mile radius of the discovery well.
4. The Adams Ranch (Yegua EY) Field should be defined as the correlative interval from 10,690 feet to 11,150 feet as shown on the log of the J. M. Huber Corporation - Mil-Vid Lease, Well No. 1 (API No. 42-361-30614), H Filley Survey, A-81, Orange County, Texas. The correlative interval includes the entire Yegua EY Sands 1 through 4 formations.

5. Allocation based on 95% deliverability and 5% per well is a reasonable formula which will satisfy state statutes and protect correlative rights of mineral owners in the field.
6. Suspension of the allocation formula is appropriate, as there is a 100% market demand for all of the gas produced from the field.

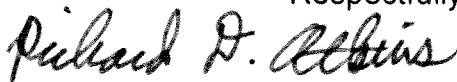
CONCLUSIONS OF LAW

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. Approval of the requested new field designation and adoption of Field Rules for the proposed Adams Ranch (Yegua EY) Field will prevent waste, protect correlative rights and promote the orderly development of the field.

RECOMMENDATION

Based on the above findings of fact and conclusions of law, the examiners recommend that the Commission approve the new field designation and adopt Field Rules for the proposed Adams Ranch (Yegua EY) Field, as requested by Century Exploration Houston, LLC.

Respectfully submitted,



Richard D. Atkins, P.E.
Technical Examiner



Terry Johnson
Legal Examiner