

December 7, 2009

**OIL AND GAS DOCKET NO. 03-0263818**

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**APPLICATION OF FAMCOR OIL, INC. TO RESCIND THE SPECIAL FIELD RULES AND MER ALLOWABLE FOR THE ACE, N. (WILCOX) FIELD, POLK COUNTY, TEXAS**

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**HEARD BY:** Andres J. Trevino, P.E.

**DATE OF HEARING:** December 7, 2009

**APPEARANCES:**

Timothy George, lawyer  
Mimi Winetroub

**REPRESENTING:**

Famcor Oil, Inc.

**EXAMINER'S REPORT AND RECOMMENDATION**  
**STATEMENT OF THE CASE**

This is the unprotested application of Famcor Oil, Inc. to rescind the field rules and the MER allowable for the Ace, N. (Wilcox) Field as adopted by Oil and Gas Docket No. 03-0245321, effective February 7, 2006, as amended, which currently provide for:

1. Designation of the field as the correlative interval from 7,644 feet to 7,728 feet as shown on the log of the BSM "C" No. 1;
2. Minimum well spacing of 660'/1320' (lease line/between well);
3. 80 acres oil units with 40 acre tolerance and a maximum diagonal of 3,250';
4. An allocation formula based on 100% acreage, with an MER of 250 BOPD for the BSM "C" No. 1.

Famcor Oil, Inc. proposes rescinding the special rules and returning the field to Statewide Rules. The examiner recommends approval of the application.

### DISCUSSION OF THE EVIDENCE

The Ace, N. (Wilcox) Field was discovered in 2003 at 7,644' subsurface depth. Famcor Oil is the only operator in the field and the BSM "C" No. 1 is the only well in the field. Special field rules and an MER allowable were adopted by Oil and Gas Docket No. 03-0245321, effective February 7, 2006.

The BSM "C" No. 1 has not performed as was initially expected. The well's producing capability has declined to less than 40 BOPD, 28 MCFD and 220 BWPD. The well was equipped with a submersible pump but is now being produced with a plunger lift system. The well had produced up to 245 BOPD, 150 MCFD and 300 BWPD when the MER allowable was requested. Cumulative production from the well is 283,813 BO.

The BSM "C" No.1 has 16% average porosity, 56% average oil saturation and 32.5 feet of pay. Assuming 50% recovery factor in this water drive reservoir and an estimated ultimate recovery of 350,000 BO, the well will drain 40 acres. The ultimate recovery for the well is based on decline curve analysis and water cut vs cumulative oil production plot. The strong water drive will increase the recovery factor but will decrease the well's drainage area.

The Ace, N. (Wilcox) Field is a Wilcox sand reservoir which is of limited areal extent and is segmented by faulting in the area. Famcor is planning to drill an additional well in the field in an effort to locate undrained hydrocarbon reserves. Statewide Rules are necessary for the additional development and the efficient and effective depletion of the reservoir. Statewide spacing and density is appropriate as the only well in the field will only drain 40 acres.

### FINDINGS OF FACT

1. Notice of this hearing was sent to all operators in the subject fields at least ten (10) days prior to the subject hearing.
2. There was no protest at the call of the hearing.
3. The Ace, N. (Wilcox) Field was discovered in 2003 at 7,644' subsurface depth.
  - a. Special field rules were adopted by Oil and Gas Docket No. 03-0245321, effective February 7, 2006, which currently provide for minimum well spacing of 660'/1320' (lease line/between well); oil units of 80 acres and an allocation formula based on 100% acreage and a MER allowable of 250 BOPD for the BSM "C" No. 1 .
  - b. The BSM "C" No. 1 is the only well in the field and is operated by Famcor Oil, Inc..

4. The BSM "C" No. 1 produces below the MER allowable of 250 BOPD.
  - a. The BSM "C" No.1 was producing at rates as high as 245 BOPD while on a submersible pump.
  - b. The BSM "C" No. 1 has averaged 80 BOPD just prior to the submersible pump failure. The well currently produces 40 BOPD on plunger lift.
5. The BSM "C" No. 1 will only drain 40 acres.
  - a. The BSM "C" No.1 has 16% average porosity, 56% average oil saturation and 32.5 feet of pay.
  - b. The well has produced 283,813 BO. The estimated ultimate recovery for the well is 350,000 BO.
  - c. With a recovery factor of 50%, the well will drain 40 acres.
6. Rescinding the special field rules adopted by Oil and Gas Docket No. 03-0245321, effective February 7, 2006, are necessary for additional development and the efficient and effective depletion of the remaining reserves.
  - a. The Wilcox sand reservoir is segmented by faulting and is of limited areal extent.
  - b. Statewide spacing and density is appropriate as drainage calculations demonstrate drainage acreage averages approximately 40 acres for the BSM "C" No. 1.

**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 field rules, a determination of the effectiveness of the rules and appropriate actions is a matter within the Commission jurisdiction.
4. Rescinding the special field rules and MER allowable for the BSM "C" Well No. 1 as adopted by Oil and Gas Docket No. 03-0245321, effective February 7, 2006, as amended, 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 rescinding the special field rules and rescinding the MER allowable for the Ace, N. (Wilcox) Field.

Respectfully submitted,

Andres J. Trevino, P.E.  
Technical Examiner  
Office of General Counsel