



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL AND GAS DOCKET NO. 08-0289253

THE APPLICATION OF BROWNING OIL COMPANY, INC FOR A NEW FIELD DESIGNATION FOR THE RODGERS (STRAWN CONS.) FIELD AND TO ADOPT FIELD RULES FOR THE PROPOSED RODGERS (STRAWN CONS.) FIELD, WARD COUNTY, TEXAS

HEARD BY: Brian Fancher, P.G. - Technical Examiner
Marshall F. Enquist - Legal Examiner

HEARING DATE: June 27, 2014

APPEARANCES:
APPLICANT:

Dale Miller
Richard Atkins, P.E.

REPRESENTING:

Browning Oil Company, Inc.

EXAMINERS' REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Browning Oil Company ("Browning") requests that a new field designation for its Sealy "93" Lease, Well No. 1 (API No. 42-475-35043) and adoption of permanent special field rules be granted for the proposed Rodgers (Strawn Cons.) Field. Browning seeks the following permanent special field rules for its proposed Rodgers (Strawn Cons.) Field:

1. Designation of the field as the correlative interval from 12,365 feet to 15,218 feet, as shown on the log of the Sealy "93" Lease, Well No. 1. (API No. 42-475-35043);
2. Allocation of production from the field based on a two-factor formula comprised of 95% potential and 5% per well.

At the hearing, Browning requested a two-factor allocation formula based on 95% acreage and 5% per well. Through multiple letters of correspondence between Browning and the examiners, Browning amended its original two-factor allocation formula from 95% acreage and 5% per well to 95% potential and 5% per well.

The examiners recommend that Browning's proposed new field designation and special field rules for the Rodgers (Strawn Cons.) Field be granted, as modified.

DISCUSSION OF THE EVIDENCE

The Commission's Statewide Rule 41 [16 Tex. Admin. Code §3.41] governs new field designations, and states the following:

The commission shall assign a new field designation and/or discovery allowable after an operator furnishes to the commission's Austin office proper evidence, other than horizontal distance, proving that the well is a new discovery...

Beyond that, Statewide Rule 41 provides guidance as to what is required to be granted a new field discovery, and that an application may be approved administratively by the oil and gas director¹.

Browning completed the Sealy "93" Lease, Well No. 1 (API No. 42-475-35043) on October 14, 2006 from 13,106 feet to 15,160 feet. Subsequently, an initial potential test was performed on February 27, 2007. The initial potential test results revealed that in twenty-four hours the well produced 144 barrels of oil per day, 871,000 cubic feet of gas, and 102 barrels of water per day through a 13/64" choke. The gas to oil ratio was measured as being 6,061 standard cubic feet per stock tank barrel. The initial bottom-hole pressure measured in the well was 9,330 pounds per square inch gauge ("psig").

Browning requests a new field designation be granted for the well. On May 13, 2014, Browning submitted a Commission Form P-7 (*New Field Designation and/or Discovery Allowable Application*) to the Oil and Gas Division for the well. That data on the May 13 Form P-7 indicates that the well's initial potential results were filed with the Commission on April 28, 2014, and that all operators within a 2.5 mile radius of the well were given notice of the new field discovery application on May 13, 2014.

On May 14, 2014, Browning received a letter from the Oil and Gas Division that indicated the administrative application could not be approved because the well is completed in multiple reservoirs, which requires a multi-factor allocation formula². Thus, the cause for the subject hearing.

¹ See 16 Tex. Admin. Code §3.41(c).

² See Tex. Natural Res. Code §85.053.

At the hearing, representatives of Browning summarized their request for the new field designation. Browning identified thirty-five well locations within 2.5 miles from the well. Browning submitted geophysical evidence that indicates the well is separated from all adjacent wells by subsurface faulting. Furthermore, the geophysical evidence indicates that the well produces from a separate and distinct reservoir. There is no comparable production within a 2.5 mile radius of the discovery well. A new field designation should be approved for the well.

Browning requests that the correlative interval from 12,365 feet to 15,218 feet, as shown on the log of the Sealy "93" Lease, Well No. 1. (API No. 42-475-35043) be designated as the Rodgers (Strawn Cons.) Field. The well is completed in three separate formations, which include the Strawn, Atoka, and Morrow formations.

To satisfy state statutes, Browning requests that a two factor allocation formula based on 95% potential and 5% per well be adopted for the field. Browning also requests the cancellation of any overproduction that may have accrued to wells in the proposed new field.

FINDINGS OF FACT

1. Browning Oil Company ("Browning") requests that a new field designation for its Sealy "93" Lease, Well No. 1 (API No. 42-475-35043) and adoption of permanent special field rules be granted for the proposed Rodgers (Strawn Cons.) Field.
2. The Sealy "93" 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.
3. The correlative interval from 12,365 feet to 15,218 feet, as shown on the log of the Sealy "93" Lease, Well No. 1. (API No. 42-475-35043) be designated as the Rodgers (Strawn Cons.) Field.
4. Allocation based on 95% potential and 5% per is appropriate for the Rodgers (Strawn Cons.) 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 Rodgers (Strawn Cons.) Field will prevent waste and protect correlative rights.

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 Rodgers (Strawn Cons.) Field.

Respectfully submitted,



Brian Fancher, P.G.
Technical Examiner



Marshall F. Enquist
Legal Examiner