

**OIL AND GAS DOCKET NO. 7C-0269097**

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**THE APPLICATION OF W. B. OSBORN OIL & GAS OPERATIONS TO CONSIDER NEW FIELD DESIGNATION FOR ITS BELLOWS LEASE WELL NO. 1 AND TO ADOPT TEMPORARY FIELD RULES FOR THE (PROPOSED) TWELVE MILE CREEK (DEVONIAN) FIELD, CROCKETT COUNTY, TEXAS**

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**Heard by:** Donna K. Chandler on March 4, 2011

**Appearances:**

George Neale  
Curt Crumrine  
Gary Palmer

**Representing:**

W. B. Osborn Oil & Gas Operations

**EXAMINER'S REPORT AND RECOMMENDATION**

**STATEMENT OF THE CASE**

W. B. Osborn Oil & Gas Operations requests that a new field designation be approved for its Bellows Lease Well No. 1 called the Twelve Mile Creek (Devonian) Field. Osborn requests that the following temporary field rules be adopted for the Twelve Mile Creek (Devonian) Field:

1. Designation of the field as the correlative interval from 8,700 feet to 9,280 feet as shown on the log of the Bellows No. 1;
2. 933'-1,867' well spacing;
3. 160 acre oil units with a maximum diagonal of 4,500;
4. Allocation based on 100% acreage.

This application was unopposed and the examiner recommends approval of the new field designation and temporary field rules, subject to review of the rules in 18 months.

**DISCUSSION OF EVIDENCE**

W. B. Osborn Oil & Gas Operations completed its Bellows No. 1 in November 2010. The well is completed in the Devonian with perforations between 8,700 and 8,723 feet. On

initial test, the well produced at a rate of 45 BOPD, 1 MCFD and 175 BWPD. The well has produced approximately 5,800 BO through January 2011. Osborn plans to drill additional wells in the field.

The proposed correlative interval for the field is from 8,700 feet to 9,280 feet as shown on the log of the Bellows No. 1. The interval includes the entire Devonian formation. There are no wells within a 2 ½ mile radius of the Bellows No. 1 which produced from the Devonian. The nearest comparable production is approximately 27 miles to the south in the El Cinco (Devonian) Field. The reservoir is bounded to the south and west by a fault estimated to have 1,800-2,000 feet of throw.

The average porosity of the reservoir is 9% and average water saturation is 40%. Net pay in the Bellows No. 1 is 5 feet. Estimated ultimate recovery from the Bellows No. 1 is approximately 24,000 BO. Based on these reservoir properties and assuming 10% recovery, the calculated drainage area for the Bellows No. 1 is 123 acres.

Osborn requests that the spacing rule for the field be a minimum of 933 feet from lease lines and 1,867 feet between wells. This spacing is standard for 160 acre density.

Allocation based on 100% acreage is a reasonable formula which will protect the correlative rights of mineral owners in the field.

### **FINDINGS OF FACT**

1. Notice of this hearing was given to all persons entitled to notice at least ten days prior to the date of hearing.
2. W. B. Osborn Oil & Gas Operations completed its Bellows No. 1 in November 2010 in the Devonian, with perforations in the uppermost Devonian between 8,700 and 8,723 feet.
3. The Bellows No. 1 is entitled to a new field designation.
  - a. There are no wells within a 2 ½ mile radius of the Bellows No. 1 which produced from the Devonian.
  - b. The nearest comparable production is approximately 27 miles from the Bellows No. 1.
4. Temporary field rules providing for 160 acre base units is appropriate for the field on a temporary basis.
  - a. Estimated ultimate recovery from the Bellows No. 1 is approximately 24,000 BO.
  - b. The calculated drainage area for the Bellows No. 1 is 123 acres.

5. The Twelve Mile Creek (Devonian) Field should be defined as the correlative interval from 8,700 feet to 9,280 feet as shown on the log of the Bellows No. 1. The interval includes the entire Devonian formation.
6. Well spacing a minimum of 933 feet from lease lines and 1,867 feet between wells is standard spacing for 160 acre density.
7. Allocation based on 100% acreage is a reasonable formula which will protect correlative rights.

**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 temporary field rules will prevent waste, protect correlative rights and promote the orderly development of the field.

**RECOMMENDATION**

Based on the above findings and conclusions of law, the examiner recommends approval of the new field designation and adoption of temporary field rules for the Twelve Mile Creek (Devonian) Field.

Respectfully submitted,

Donna K. Chandler  
Technical Examiner