

THE APPLICATION OF SHARP IMAGE ENERGY, INC. TO RESCIND THE FIELD RULES FOR THE SPIRES (STRAWN C-3) FIELD, KENT COUNTY, TEXAS

REVIEWED BY: Richard D. Atkins, P.E. - Technical Examiner

DATE OF REVIEW: March 16, 2009

EXAMINER'S REPORT AND RECOMMENDATION

DISCUSSION

Sharp Image Energy, Inc. ("Sharp") requests that the Field Rules for the Spires (Strawn C-3) Field be rescinded. The rules for the field were adopted by Final Order No. 8A-66,329, effective September 20, 1976. The rules in effect for the field are summarized as follows:

1. 660'-1,320' well spacing;
2. 80 acre density with a 40 acre tolerance;
3. Allocation based on 100% acreage.

There are two wells listed on the current proration schedule for the field. These wells are the Leroy Spires III Trust Lease, Well Nos. 1 and 3 that are operated by WTP Energy, Inc. ("WTP"). The schedule shows that these two wells have been denied a 14B2 extension and the lease is currently severed. Sharp sent notice of this request to WTP and there have not been any other wells listed on the proration schedule for the preceding 24 months.

There has been no production from the field since at least August 2003. Sharp has permitted three wells in the field within the preceding 24 months, that were subsequently completed in another field. No other drilling permits have been issued in the field during the preceding 24 months.

OIL AND GAS DOCKET NO. 8A-0261279

FINDINGS OF FACT

1. Notice of this application was given to WTP Energy, Inc., the only operator listed in the Spires (Strawn C-3) Field.
2. The Field Rules for the Spires (Strawn C-3) Field were adopted by Final Order No. 8A-66,329, effective September 20, 1976.
3. The Field Rules in effect for the field provide for 660'-1,320' well spacing, 80 acre density with a 40 acre tolerance and allocation based on 100% acreage.
4. There are two wells listed on the current proration schedule for the field that are operated by WTP Energy, Inc. The schedule shows that these two wells have been denied a 14B2 extension and the lease is currently severed.
5. Sharp sent notice of this request to WTP and there have not been any other wells listed on the proration schedule for the preceding 24 months.
6. There has been no production from the field since at least August 2003.
7. Sharp has permitted three wells in the field within the preceding 24 months, that were subsequently completed in another field. No other drilling permits have been issued in the field during the preceding 24 months.

CONCLUSIONS OF LAW

1. Canceling the field rules for the Spires (Strawn C-3) Field will promote development of the field and will not cause waste or harm correlative rights.

RECOMMENDATION

Based on the above findings of fact and conclusions of law, the examiner recommends that the field rules for the Spires (Strawn C-3) Field be canceled and that the field operate under Statewide Rules.

Respectfully submitted,

Richard D. Atkins, P.E.
Technical Examiner