

THE APPLICATION OF JVA OPERATING COMPANY, INC., LLC TO ADOPT FIELD RULES FOR THE ROWENA (JENNINGS) FIELD, RUNNELS COUNTY, TEXAS

Heard by: Andres J. Trevino, P.E., Technical Examiner
Marshall Enquist, Hearings Examiner

Hearing Date: July 18, 2012

Appearances:

D. Davin McGinnis
Alan Erb

Representing:

JVA Operating Company, Inc., LLC

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

The field rules (Statewide Rules) for the Rowena (Jennings) Field are summarized as follows:

1. 467'-1,200' well spacing;
2. 40 acre oil units with 20 acre tolerance;
3. Allocation based on 100% per well.

JVA Operating Company requests that field rules be adopted as follows :

1. Designation of the field as the correlative interval from 3,937 feet to 3,977 feet as shown on the Induction log of the JVA Operating's Moeller Lease No. 4;
2. 330'-0' well spacing;
3. 40 acre units with 20 acre tolerance; (No Change)
4. Allocation based on 100% acreage. (No Change)

JVA Operating originally requested well spacing of 330'/933'. Prior to the hearing, Examiner Enquist recommended the between well spacing be eliminated to maximize well spacing flexibility. JVA Operating agreed to eliminate between well spacing. This application was unopposed and the examiners recommend that the field rules for the

Rowena (Jennings) Field be amended as requested.

DISCUSSION OF EVIDENCE

The Rowena (Jennings) Field was discovered in 1959 at a depth of approximately 3,953 feet. Cumulative production from the field is approximately 185,789 BO. There is only one active oil well on the proration schedule. JVA Operating has drilled two new wells in the field which do not appear on the proration schedule yet. There are no other operators in the field.

The field was initially developed and produced by Exxon. The field was mostly plugged and abandoned in 1991. JVA Operating wants to redevelop the field by drilling new wells thru the Capps Lime, Lower Capps and the Jennings formation and recover remaining reserves. JVA Operating drilled two new wells the Moeller No. 4 and the Dierschke Unit No.1 between plugged wells. The wells had initial potentials of 50 to 35 BOPD respectively. JVA Operating believes there are sufficient reserves remaining between plugged wells and within the three formations to justify redeveloping the field. The proposed well spacing rules are similar to the Rowena (Capps Lime) and Rowena (Lower Capps) Fields and will allow greater flexibility in re-entering existing wells and drilling new wells between previously producing wells in spots to recover remaining reserves and prevent waste.

The designated interval from 3,937 feet to 3,977 feet as shown on the Induction log of the JVA Operating's Moeller Lease No. 4 includes the entire Jennings formation.

JVA Operating requests no changes in density or allocation rules.

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. Statewide Field rules for the Rowena (Jennings) Field provide for 467'-1,200' well spacing, 40 acre oil units and allocation based on 100% per well.
3. The Rowena (Jennings) Field was discovered in 1959 and cumulative production from the field is approximately 185,789 BO.
4. The field was initially developed and produced by Exxon from 1959 until 1991 when the field was mostly plugged and abandoned.
5. JVA Operating drilled two new wells the Moeller No. 4 and the Dierschke Unit No. 1 between plugged wells. The wells had initial potentials of 50 to 35 BOPD respectively.

6. Initial production data from the Moeller No. 4 and the Dierschke Unit No. 1 indicate there are sufficient reserves remaining between plugged wells and within the three formations to justify redeveloping the field.
7. The Rowena (Jennings) Field should be designated as the entire correlative interval between 3,937 feet to 3,977 feet as shown on the Induction log of the JVA Operating's Moeller Lease No. 4. The interval includes the entire Jennings formation.
8. The Rowena (Capps Lime) and Rowena (Lower Capps) Fields are producing from the Capps Lime and the Lower Capps Lime in the area and have 330'-1,100' well spacing.
9. The proposed 330'-0' well spacing will allow maximum flexibility in re-entering existing wells and drilling new wells between previously producing wells in spots to recover remaining reserves and prevent waste without the need for Rule 37 exceptions.

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. Adopting field rules for the Rowena (Jennings) Field is necessary to prevent waste and protect correlative rights.

RECOMMENDATION

Based on the above findings and conclusions of law, the examiner recommends that field rules for the Rowena (Jennings) Field be adopted to provide for a designated interval and 330'-0' well spacing.

Respectfully submitted,

Andres J. Trevino, P.E.
Technical Examiner

Marshall Enquist
Legal Examiner