

OIL AND GAS DOCKET NO. 08-0251523

THE APPLICATION OF MCCLURE OIL COMPANY, INC. TO CONSIDER PERMANENT FIELD RULES FOR THE ST. LAWRENCE, NE. (LEONARD) FIELD, GLASSCOCK COUNTY, TEXAS

Heard by: Donna K. Chandler on May 16, 2007

Appearances:

Dick Marshall
George Friesen

Representing:

McClure Oil Company, Inc.

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

McClure Oil Company, Inc. requests that field rules be adopted for the St. Lawrence, NE. (Leonard) Field. The proposed rules are summarized as follows:

1. Designation of the field as the correlative interval from 7,045 feet to 7,095 feet as shown on the log of the Glass L & D "45" No. 1;
2. 467'-1,200' well spacing;
3. 80 acre oil units with 40 acre tolerance and a maximum diagonal of 3,250 feet;
4. Allocation based on 100% acreage.

This application was unopposed and the examiner recommends adoption of the field rules proposed by McClure for the St. Lawrence, NE. (Leonard) Field.

DISCUSSION OF EVIDENCE

The St. Lawrence, NE. (Leonard) Field was discovered in 1984 at a depth of 7,185 feet. There are three producing oil wells on the May 2007 proration schedule. However, McClure has recently filed completion papers for its Glass "40" No. 1. Additionally, McClure has drilled its Glass "45" A No. 2 and is testing this well, the McClure Archer 39 No. 1 is

drilling, and the Glass "46" No. 1 has been permitted for the field. The field has operated under Statewide Rules since discovery.

Cumulative production from the field is 210,000 BO and 368 MCF of gas. Of this total, the Glass L & D "45" No. 1 has produced 114,000 BO. The Exilde No. 1 has produced approximately 73,000 BO and the Exilde No. 2 has produced approximately 23,000 BO.

McClure estimated ultimate recoveries for the three existing wells in the field. Estimate recovery for the Glass L & D "45" No. 1 is 181,000 BO, estimated recovery for the Exilde No. 1 is 77,000 BO and estimated recovery for the Exilde No. 2 is 27,000 BO.

Average porosity of the reservoir varies between 5 and 11% and net pay ranges from 8 feet in the Exilde No. 2 to 24 feet in the Glass L & D "45" No. 1. Using these parameters, the calculated drainage areas are as follows: 104 acres for the Glass L & D "45" No. 1, 147 acres for the Exilde No. 1 and 103 acres for the Exilde No. 2.

McClure requests that the spacing rule for the field remain at 467'-1,200' in conjunction with the 80 acre density. The field has been developed thus far on this spacing and the Statewide spacing is not significantly different from 660'-1,320' spacing which is standard for 80 acres.

McClure requests that the field be defined based on the log of the Glass L & D "45" No. 1. This well was completed in 1990 and is perforated between 7,064 feet and 7,092 feet. McClure requests that the field be defined as the correlative interval between 7,045 feet and 7,095 feet as shown on the log of the Glass L & D "45" No. 1.

FINDINGS OF FACT

1. Notice of this hearing was given to all persons entitled to notice and no protests were received.
2. The St. Lawrence, NE. (Leonard) Field was discovered in 1984. Three wells currently produce from the field and McClure Oil Company, Inc. is in the process of drilling/completing four more wells.
3. A density rule providing for 80 acre units is appropriate for the field.
 - a. Net pay varies between 8 feet and 24 feet for the existing wells in the field.
 - b. Average porosity of the reservoir varies between 5% and 11% in the existing wells in the field.

- c. The calculated drainage areas for the existing wells vary between 103 acres and 147 acres.
4. Well spacing a minimum of 467 feet from lease lines and 1,200 feet between wells is appropriate for the field because the field has been developed under this spacing rule since 1984.
5. Allocation based on 100% acreage is a reasonable formula which will protect correlative rights in the field.
6. The St. Lawrence, NE. (Leonard) Field should be designated as the correlative interval between 7,045 and 7,095 feet as shown on the log of the Glass L & D "45" No. 1.

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. Adoption of the proposed field rules for the St. Lawrence, NE. (Leonard) Field is necessary to prevent waste, protect correlative rights and promote development of the field.

RECOMMENDATION

Based on the above findings and conclusions of law, the examiner recommends that the Commission adopt the field rules proposed by McClure Oil Company, Inc. for the St. Lawrence, NE. (Leonard) Field.

Respectfully submitted,

Donna K. Chandler
Technical Examiner