

**OIL AND GAS DOCKET NO. 08-0275493**

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**THE APPLICATION OF RELIANCE ENERGY, INC. TO ADOPT FIELD RULES FOR THE MABEE (STRAWN) FIELD, ANDREWS AND MARTIN COUNTIES, TEXAS**

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**OIL AND GAS DOCKET NO. 08-0276176**

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**THE APPLICATION OF RELIANCE ENERGY, INC. TO ADOPT FIELD RULES FOR THE LOWE (MISS.) FIELD, ANDREWS AND MARTIN COUNTIES, TEXAS**

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**HEARD BY:** Richard D. Atkins, P.E. - Technical Examiner  
Terry Johnson - Legal Examiner

**HEARING DATE:** April 27, 2012

**APPEARANCES:**

**REPRESENTING:**

**APPLICANT:**

Cary McGregor

Reliance Energy, Inc.

**EXAMINERS' REPORT AND RECOMMENDATION**

**STATEMENT OF THE CASE**

Reliance Energy, Inc. ("Reliance") requests that Field Rules for the Mabee (Strawn) and Lowe (Miss.) Fields be adopted. Reliance requests the following Field Rules:

1. Designation of the Mabee (Strawn) Field as the correlative interval from 10,725 feet to 11,210 feet and designation of the Lowe (Miss.) Field as the correlative interval from 11,716 feet to 12,080 feet as shown on the log of the Cactus Drilling Company - JE Mabee Lease, Well No. 1A (API No. 42-003-10475);
2. 467'-660' well spacing;
3. 40 acre units;
4. Allocation based on 100% acres with a top oil allowable based on the 1965 Yardstick Allowable of 237 barrels of oil per day.

The original notice of hearing contained both fields under one docket number. At the hearing, the examiners noted that each field needed to have its own docket number, since Field Rules for two fields could not be adopted in one final order. After the hearing, the examiners had another docket number assigned to the Lowe (Miss.) Field. No additional notice of hearing was required.

The applications are unopposed and the examiners recommend that Field Rules for the Mabee (Strawn) and Lowe (Miss.) Fields be adopted, as proposed by Reliance.

### **DISCUSSION OF THE EVIDENCE**

The Mabee (Strawn) Field was discovered in March 1978 at an average depth of 11,200 feet. The field operates under Statewide Rules. There are no producing oil wells and no operators carried on the proration schedule. The top oil allowable is the 1965 Yardstick Allowable of 237 barrels of oil per day. Cumulative production from the field through March 2012 is 15.3 MBO and 45.0 MMCFG.

The Lowe (Miss.) Field was discovered in November 1963 at an average depth of 11,300 feet. The field is classified as associated-exempt and operates under Statewide Rules. There are one producing gas well, one shut-in oil well and one operator carried on the proration schedules. The top oil allowable is 255 barrels of oil per day. Cumulative production from the field through March 2012 is 737.6 MBO and 13.4 BCFG.

There is currently no defined correlative interval for the Mabee (Strawn) and Lowe (Miss.) Fields. Reliance requests that the Mabee (Strawn) Field be defined as the correlative interval from 10,725 feet to 11,210 feet and the Lowe (Miss.) Field be defined as the correlative interval from 11,716 feet to 12,080 feet as shown on the log of the Cactus Drilling Company - JE Mabee Lease, Well No. 1A (API No. 42-003-10475), Section 11, Block 39, T-1-N, G&MMB&A Survey, A-2302, Martin County, Texas. The Strawn formation occurs between the base of the Wolfcamp and the top of the Atoka formations. The Mississippian formation occurs between the base of the Atoka and the top of the Woodford formations.

Reliance is proposing to drill vertical infill wells and requests Field Rules to promote the efficient and effective development of the remaining hydrocarbons. Reliance requests 467'-660' well spacing and 40 acre density. For consistency, Reliance is requesting the same spacing rules that have been adopted in the shallower Spraberry (Trend Area) Field, as this will allow wells in the two subject fields to be commingled with the Spraberry (Trend Area) Field without having to obtain Statewide Rule 37 exceptions.

All of the wells in the Mabee (Strawn) Field and most of the wells in the Lowe (Miss.) Field have already been commingled with the Spraberry (Trend Area) Field under a blanket authority for exception to Statewide Rule 10. The commingled wells and their associated production are reported in the Spraberry (Trend Area) Field. To date, there have been 216 Statewide Rule 10 exceptions in the Mabee (Strawn) Field and 59 Statewide Rule 10

exceptions in the Lowe (Miss.) Field.

Reliance also requests that allocation be based on 100% acres with a top oil allowable based on the 1965 Yardstick Allowable of 237 barrels of oil per day. Additionally, Reliance proposes that the allocation formula be suspended in the Lowe (Miss.) Field, as there is a 100% market demand for all of the gas produced from the field.

### **FINDINGS OF FACT**

1. Notice of this application and hearing was provided to all persons entitled to notice at least ten (10) days prior to the date of the hearing.
2. The Mabee (Strawn) Field was discovered in March 1978 at an average depth of 11,200 feet.
  - a. The field operates under Statewide Rules.
  - b. There are no producing oil wells and no operators carried on the proration schedule.
  - c. The top oil allowable is the 1965 Yardstick Allowable of 237 barrels of oil per day.
3. The Lowe (Miss.) Field was discovered in November 1963 at an average depth of 11,300 feet.
  - a. The field is classified as associated-exempt and operates under Statewide Rules.
  - b. There are one producing gas well, one shut-in oil well and one operator carried on the proration schedules.
  - c. The top oil allowable is 255 barrels of oil per day.
4. The Mabee (Strawn) Field should be defined as the correlative interval from 10,725 feet to 11,210 feet and the Lowe (Miss.) Field should be defined as the correlative interval from 11,716 feet to 12,080 feet as shown on the log of the Cactus Drilling Company - JE Mabee Lease, Well No. 1A (API No. 42-003-10475).
  - a. The Strawn formation occurs between the base of the Wolfcamp and the top of the Atoka formations.
  - b. The Mississippian formation occurs between the base of the Atoka and the top of the Woodford formations.

5. The Mabee (Strawn) and Lowe (Miss.) Fields are actively being developed with vertical infill wells.
6. Field Rules providing for 467'-660' well spacing and 40 acre density will provide consistency in developing the field and will allow greater flexibility in selecting future drilling locations.
  - a. Similar spacing rules have been adopted in the shallower Spraberry (Trend Area) Field.
  - b. Similar spacing rules will allow wells in the two subject fields to be commingled with the Spraberry (Trend Area) Field without having to obtain Statewide Rule 37 exceptions.
7. All of the wells in the Mabee (Strawn) Field and most of the wells in the Lowe (Miss.) Field have been commingled with the Spraberry (Trend Area) Field under a blanket authority for exception to Statewide Rule 10.
  - a. The commingled wells and their associated production are reported in the Spraberry (Trend Area) Field.
  - b. To date, there have been 216 Statewide Rule 10 exceptions in the Mabee (Strawn) Field and 59 Statewide Rule 10 exceptions in the Lowe (Miss.) Field.
8. Allocation based on 100% acres and a top oil allowable based on the 1965 Yardstick Allowable of 237 barrels of oil per day is a reasonable formula which will protect correlative rights and meet statutory requirements.
9. Suspension of the allocation formula in the Lowe (Miss.) Field is appropriate, as there is a 100% market demand for all the gas produced from the 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. Adopting Field Rules for the Mabee (Strawn) and Lowe (Miss.) Fields is necessary to prevent waste, protect correlative rights and promote development of the field.

**EXAMINERS' RECOMMENDATION**

Based on the above findings of fact and conclusions of law, the examiners recommend that the Commission adopt Field Rules for the Mabee (Strawn) and Lowe (Miss.) Fields, as requested by Reliance Energy, Inc.

Respectfully submitted,

Richard D. Atkins, P.E.  
Technical Examiner

Terry Johnson  
Legal Examiner