

September 26, 2006

**OIL AND GAS DOCKET NO. 8A-0248497**

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**APPLICATION OF JOHN M. CLARK, INC. TO CONSIDER FIELD RULES FOR THE DUST DEVIL (SAN ANDRES) FIELD, GAINES COUNTY, TEXAS**

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**HEARD BY:** Thomas H. Richter, P.E.

**DATE OF HEARING:** September 21, 2006

**APPEARANCES:**

Dale E. Miller

**REPRESENTING:**

John M. Clark, Inc.

**EXAMINER'S REPORT AND RECOMMENDATION**  
**STATEMENT OF THE CASE**

This is the unprotested application of John M. Clark, Inc. for the Commission to consider permanent field rules for the Dust Devil (San Andres) Field as follows:

1. The entire combined correlative interval from 5,598' to 5,800' as shown on the Microspherically Focused Dual Laterolog log of the John M. Clark, Inc., Cornett Lease Well No. 1 (API No. 42-165-36389), Sect 63, Blk. G, WT RR Co. Survey, Gaines County, Texas, should be designated as the Dust Devil (San Andres) Field.
2. Minimum well spacing of 330'/933' (leaseline/between well);
3. 40 acre oil proration unit density with 20 acre tolerance and maximum diagonal of 2,100';
4. Allocation formula of 100% acreage.

The notice of hearing had stated a maximum diagonal of 3,250', however this was in error and the accepted maximum diagonal of 2,100' is appropriate. The examiner recommends approval of the application.

**DISCUSSION OF THE EVIDENCE**

The Dust Devil (San Andres) was discovered on February 24, 2006 by completion of the John M. Clark, Inc., Cornett Lease Well No. 1 through perforations from 5,743' to 5,773' subsurface depth. The field is governed by Statewide Rules. The discovery well is the only well in the field. The Cornett Lease Well No. 1 potentialized at 80 BOPD, 18 MCFD, and 27 BWPD.

The entire combined correlative interval from 5,598' to 5,800' as shown on the Microspherically Focused Dual Laterolog log of the John M. Clark, Inc., Cornett Lease Well No. 1 (API No. 42-165-36389), Sect 63, Blk. G, WT RR Co. Survey, Gaines County, Texas, should be

designated as the Dust Devil (San Andres) Field.

Proration unit density of 40 acres is necessary to provide for the effective and efficient depletion of the reservoir. Cumulative production for the well is 11,270 BO and 2.1 MMCF of casinghead gas. Volumetric analysis estimates the recoverable oil-in-place to be 193,000 BO for 40 acres (4,826 BO/Ac.). Production decline analysis assuming the current production of 109 BOPD and an economic limit of 3 BOPD (assuming a 20% exponential decline) estimates ultimate recovery of the well to be 184,600 BO. The calculated drainage area is 38.3 acres.

Minimum well spacing of 330'/933' (lease/line/between well) will provide uniform flexibility in locating wells in the subject field. There are numerous other San Andres and Clearfork Fields in the area that have identical or similar minimum well spacing and density rules.

The proposed 100% acreage allocation formula will provide for the protection of correlative rights.

#### **FINDINGS OF FACT**

1. Notice of this hearing was sent to all operators in the subject field at least ten (10) days prior to the subject hearing.
2. There was no protest at the call of the hearing.
3. The Dust Devil (San Andres) was discovered on February 24, 2006 by completion of the John M. Clark, Inc., Cornett Lease Well No. 1 through perforations from 5,743' to 5,773' subsurface depth.
  - a. The field is governed by Statewide Rules.
  - b. The discovery well is the only well in the field.
4. The entire combined correlative interval from 5,598' to 5,800' as shown on the Microspherically Focused Dual Laterolog log of the John M. Clark, Inc., Cornett Lease Well No. 1 (API No. 42-165-36389), Sect 63, Blk. G, WTRR Co. Survey, Gaines County, Texas, should be designated as the Dust Devil (San Andres) Field.
5. Proration unit density of 40 acres is necessary to provide for the effective and efficient depletion of the reservoir.
  - a. Volumetric analysis estimates the recoverable oil-in-place to be 193,000 BO for 40 acres (4,826 BO/Ac.). Production decline analysis estimates ultimate recovery of 184,600 BO.

- b. The calculated drainage area is 38.3 acres.
- 6. Minimum well spacing of 330'/933' (leaseline/between well) will provide uniform flexibility in locating wells in the subject field. There are numerous other San Andres and Clearfork Fields in the area that have identical or similar minimum well spacing and density rules.
- 7. The proposed 100% acreage allocation formula will provide for the protection of correlative rights.

**CONCLUSIONS OF LAW**

- 1. Proper notice was given to all parties as set out in the provisions of all applicable codes and regulatory statutes.
- 2. All things have occurred and been accomplished to give the Commission jurisdiction in this matter.
- 3. Consideration for field rules, a determination of the effectiveness of the rules and appropriate actions is a matter within the Commission jurisdiction.
- 4. Adoption of the proposed field rules will prevent waste, foster conservation and protect correlative rights.

**EXAMINER'S RECOMMENDATION**

Based on the above findings and conclusions of law, the examiner recommends approval of the proposed field rules for the Dust Devil (San Andres) Field.

Respectfully submitted,

Thomas H. Richter, P.E.  
Technical Examiner  
Office of General Counsel