

THE APPLICATION OF QUANTUM RESOURCES MANAGEMENT, LLC TO AMEND AND RENUMBER FIELD RULES FOR THE TURNER-GREGORY (CLEAR FORK) FIELD, MITCHELL COUNTY, TEXAS

HEARD BY: Richard D. Atkins, P.E. - Technical Examiner
Christopher Hotchkiss - Legal Examiner

HEARING DATE: December 14, 2011

APPEARANCES:

REPRESENTING:

APPLICANT:

James M. Clark

Quantum Resources Management, LLC

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Field Rules for the Turner-Gregory (Clear Fork) Field were adopted in Final Order No. 8-52,367, effective July 25, 1963. The Field Rules are summarized as follows:

1. 330'-933' well spacing;
2. 20 acre oil units;
3. Allocation based on 100% acres.

Quantum Resources Management, LLC ("Quantum") requests that Field Rules for the Turner-Gregory (Clear Fork) Field be amended and renumbered as follows:

1. Designation of the field as the correlative interval from 2,240 feet to 3,300 feet, as shown on the log of the Quantum Resources Management, LLC - Turner-Gregory Unit, Well No. 1204 (API No. 42-335-33871), formerly known as the SDX Resources, Inc. - Ellett B Lease, Well No. 4;
2. 330'-467' well spacing;

3. 20 acre oil units;
4. Allocation based on 100% acres.

The application was unopposed and the examiners recommend that Field Rules for the Turner-Gregory (Clear Fork) Field be amended and renumbered, as proposed by Quantum.

DISCUSSION OF THE EVIDENCE

The Turner-Gregory (Clear Fork) Field was discovered in December 1955 at an average depth of 2,700 feet. There are 143 producing oil wells and eleven operators carried on the proration schedule. Current Field Rules provide for 330'-933' well spacing and 20 acre oil units. Cumulative production from the field through November 2011 is 11.9 MMBO and 84.6 MMCFG.

There is currently no defined correlative interval for the field. Quantum requests that the field be defined as the correlative interval from 2,240 feet to 3,300 feet, as shown on the log of the Quantum Resources Management, LLC - Turner-Gregory Unit, Well No. 1204 (API No. 42-335-33871), formerly known as the SDX Resources, Inc. - Ellett B Lease, Well No. 4, Section 25, Block 29, T-1-N, T&P RR Co. Survey, A-586, Mitchell County, Texas. This interval includes the entire Clear Fork formation.

Quantum submitted a table of the 25 most recent drilling permit applications and 22 applications required a Statewide Rule 37 exception for between well spacing. Quantum is planning on drilling additional infill wells and requests Field Rules that provide for 330'-467' well spacing to allow greater flexibility in selecting future drilling locations without the necessity of obtaining a Statewide Rule 37 exception.

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 Turner-Gregory (Clear Fork) Field was discovered in December 1955 at an average depth of 2,700 feet.
 - a. There are 143 producing oil wells and eleven operators carried on the proration schedule.
 - b. Current Field Rules provide for 330'-933' well spacing and 20 acre oil units.

3. The Turner-Gregory (Clear Fork) Field should be defined as the correlative interval from 2,240 feet to 3,300 feet, as shown on the log of the Quantum Resources Management, LLC - Turner-Gregory Unit, Well No. 1204. This interval includes the entire Clear Fork formation.
4. Adoption of 330'-467' well spacing for the Turner-Gregory (Clear Fork) Field is appropriate and will allow greater flexibility in selecting future drilling locations without the necessity of obtaining a Statewide Rule 37 exception.

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. Amending and renumbering the Field Rules for the Turner-Gregory (Clear Fork) Field is necessary to prevent waste, protect correlative rights and promote development of the field.

RECOMMENDATION

Based on the above findings of fact and conclusions of law, the examiners recommend that the Commission amend and renumber the Field Rules for the Turner-Gregory (Clear Fork) Field, as requested by Quantum Resources Management, LLC.

Respectfully submitted,

Richard D. Atkins, P.E.
Technical Examiner

Christopher Hotchkiss
Legal Examiner