



# RAILROAD COMMISSION OF TEXAS

## HEARINGS DIVISION

OIL AND GAS DOCKET NO. 8A-0285581

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THE APPLICATION OF CANAN MOWREY OPERATING, LLC TO ADOPT FIELD RULES  
FOR THE ACE OF SPADES (STRAWN) FIELD, HOCKLEY COUNTY, TEXAS

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HEARD BY: Richard D. Atkins, P.E. - Technical Examiner  
Michael Crnich - Legal Examiner

HEARING DATE: December 20, 2013

APPEARANCES: REPRESENTING:

**APPLICANT:**

Doug Dashiell  
Pat Canan

Canan Mowrey Operating, LLC

**EXAMINERS' REPORT AND RECOMMENDATION**

**STATEMENT OF THE CASE**

The Ace of Spades (Strawn) Field currently operates under Statewide Field Rules. Canan Mowrey Operating, LLC ("Canan Mowrey") requests that Field Rules be adopted, as shown below:

1. Designated correlative interval from 10,024 feet to 10,154 feet as shown on the log of the Canan Mowrey Operating, LLC - Spade B Lease, Well No. 1R (API No. 42-219-37231);
2. 660'-1,320' well spacing;
3. 80 acre oil units;
4. Allocation based on 100% acres and a top oil allowable based on the 1965 Yardstick Allowable of 300 barrels of oil per day, upon the expiration of the discovery oil allowable of 510 barrels of oil per day.

The application is unopposed and the examiners recommend that Field Rules be adopted for the Ace of Spades (Strawn) Field, as proposed by Canan Mowrey.

### DISCUSSION OF EVIDENCE

The Ace of Spades (Strawn) Field was discovered in March 2012 at an average depth of 10,100 feet. There are four producing oil wells carried on the oil proration schedule. Canan Mowrey is the only operator in the field and the field operates under Statewide Field Rules. Cumulative production from the field through November 2013 is 227.4 MBO and 77.6 MMCFG.

There is currently no defined correlative interval for the field. Canan Mowrey requests that the Ace of Spades (Strawn) Field be defined as the correlative interval from 10,024 feet to 10,154 feet as shown on the log of the Canan Mowrey Operating, LLC - Spade B Lease, Well No. 1R (API No. 42-219-37231), Lot 9, League 16, Howard CSL Survey, A-13, Hockley County, Texas. The correlative interval includes the productive portion of the Strawn formation.

Canan Mowrey is developing the field with vertical wells and requests that Field Rules be adopted to promote the efficient and effective development of the remaining hydrocarbons. Canan Mowrey proposes 660'-1,320' well spacing and 80 acre oil units. From log analysis, Canan Mowrey estimated an average porosity of 12%, an average water saturation of 25%, an average net pay thickness of 15 feet. The primary drive mechanism is a depletion drive. Canan Mowrey estimated a reservoir size of 465 acres and calculated an original oil in place of 1.6 MMBO. Using a recovery factor of 52% for the field, Canan Mowrey estimated an ultimate recovery for a well on 80 acres to be 145.2 MBO. A study of other Strawn formation fields in Hockley County showed recovery factors that ranged from 45% to 55% of the original oil in place. Based on the study results, Canan Mowrey believes that the proposed Field Rules are appropriate.

Canan Mowrey also requests allocation based on 100% acres and a top oil allowable based on the 1965 Yardstick Allowable of 300 barrels of oil per day, upon the expiration of the discovery oil allowable of 510 barrels of oil per day.

### FINDINGS OF FACT

1. Notice of this hearing was provided to all persons entitled to notice at least ten (10) days prior to the date of the hearing and no protests were received.
2. The Ace of Spades (Strawn) Field was discovered in March 2012 at an average depth of 10,100 feet.
  - a. There are four producing oil wells carried on the oil proration schedule.

- b. Canan Mowrey Operating, LLC ("Canan Mowrey") is the only operator in the field and the field operates under Statewide Field Rules.
  - c. The Ace of Spades (Strawn) Field is actively being developed with vertical wells.
3. The Ace of Spades (Strawn) Field should be defined as the correlative interval from 10,024 feet to 10,154 feet as shown on the log of the Canan Mowrey Operating, LLC - Spade B Lease, Well No. 1R (API No. 42-219-37231), Lot 9, League 16, Howard CSL Survey, A-13, Hockley County, Texas. The correlative interval includes the productive portion of the Strawn formation.
4. Field Rules for the Ace of Spades (Strawn) Field that provide for 660'-1,320' well spacing and 80 acre oil units are appropriate for the field.
  - a. Drilling infill wells will promote the efficient and effective development of the remaining hydrocarbons.
  - b. From log analysis, Canan Mowrey estimated an average porosity of 12%, an average water saturation of 25%, an average net pay thickness of 15 feet.
  - c. Canan Mowrey estimated a reservoir size of 465 acres and calculated an original oil in place of 1.6 MMBO.
  - d. Using a recovery factor of 52% for the field, Canan Mowrey estimated an ultimate recovery for a well on 80 acres to be 145.2 MBO.
  - e. A study of other Strawn formation fields in Hockley County showed recovery factors that ranged from 45% to 55% of the original oil in place.
5. Allocation based on 100% acres and a top oil allowable based on the 1965 Yardstick Allowable of 300 barrels of oil per day, upon the expiration of the discovery oil allowable of 510 barrels of oil per day, is a reasonable formula which will satisfy state statutes and protect correlative rights of mineral owners in 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 Ace of Spades (Strawn) Field 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 Ace of Spades (Strawn) Field, as requested by Canan Mowrey Operating, LLC.

Respectfully submitted,



Richard D. Atkins, P.E.  
Technical Examiner



Michael Crnich  
Legal Examiner