



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL AND GAS DOCKET NO. 08-0296409

THE APPLICATION OF SHARP IMAGE ENERGY INC. TO CONSIDER FIELD CONSOLIDATION OF THE PRIMERO (WOLFCAMP, LOWER) AND PRIMERO (WOLFCAMP, UPPER) FIELDS INTO THE SPRABERRY (TREND AREA) FIELD, HOWARD COUNTY, TEXAS

HEARD BY: Peggy Laird, P.G.– Technical Examiner
Terry Johnson – Hearings Examiner

HEARING DATE: June 24, 2015

CONFERENCE DATE: August 25, 2015

APPEARANCES:

Dale E. Miller

REPRESENTING:

Sharp Image Energy, Inc.

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Sharp Image Energy, Inc. (Sharp) requests the Primero (Wolfcamp, Lower) Field (ID No. 73180 485) and the Primero (Wolfcamp, Upper) Field (ID No. 73180 500) be consolidated into the Spraberry (Trend Area) Field (ID No. 85280 300), Howard County, Texas. Current rules will remain in effect for the Spraberry (Trend Area) Field. Sharp is the only operator in the Primero Fields, and the application was not protested. The Examiners recommend the fields be consolidated into the Spraberry (Trend Area) Field.

DISCUSSION OF EVIDENCE

The Primero (Wolfcamp, Lower) Field was discovered on August 1, 1986, at a depth of 7,818 feet and produces from the Wolfcamp Formation. Five wells have been drilled in the field, the discovery well was plugged and abandoned in 2003, and four wells are currently producing. Cumulative production from the field is 127,610 BO and 112,409 MCF casinghead gas.

The Primero (Wolfcamp, Upper) Field was discovered on March 27, 1986, at a depth of 7,186 feet and produces from the Wolfcamp Formation. Two wells have been drilled in the field, the discovery well was plugged and abandoned in 1988, and one well is currently producing. Cumulative production from the field is 112,792 BO and 191,905 MCF casinghead gas.

The correlative interval from 6,865 feet to 10,605 feet as shown on the log of the Pioneer Natural Res. USA, Inc. - Houpt Lease, Well No. 1 (API No. 42-329-31029), Section 24, Block 39, T-2-S, T&P RR Co. Survey, Midland County Texas, was previously designated (Final Order, Docket Nos. 7C-0291169 & 7C-0291171) as the Spraberry (Trend Area) Field (Spraberry). The correlative interval includes all reservoirs between the top of the Clearfork and the top of the Strawn Formations. Sharp presented information demonstrating the Primero Fields are within the same correlative interval as the Spraberry, and all fields are in the Midland Basin.

The Primero Fields are currently under statewide rules. The Spraberry Field is under special rules, which would remain in effect with no changes or amendments requested. Sharp considers the consolidation of the Primero Fields with the Spraberry (Trend Area) Field will help maintain proper designation of wells in the area and will allow development of the field and reservoirs on a consistent basis.

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 Primero (Wolfcamp, Lower) Field was discovered on August 1, 1986, at a depth of 7,818 feet.
 - a. The Primero (Wolfcamp, Lower) Field produces from the Wolfcamp Formation.
 - b. Five wells have been drilled in the field, and four wells are currently producing.
 - c. Cumulative production from the field is 127,610 BO and 112,409 MCF casinghead gas.
3. The Primero (Wolfcamp, Upper) Field was discovered on March 27, 1986, at a depth of 7,186 feet.
 - a. The Primero (Wolfcamp, Upper) Field produces from the Wolfcamp Formation.

- b. Cumulative production from the field 112,792 BO and 191,905 MCF casinghead gas.
- c. Two wells have been drilled in the field, and one is currently producing.
- 4. The Primero Fields are within the same correlative interval as the Spraberry (Trend Area) Field.
- 5. The field rules for the Spraberry (Trend Area) Field will remain in effect with no changes or amendments.

CONCLUSIONS OF LAW

- 1. Resolution of the subject application is a matter committed to the jurisdiction of the Railroad Commission of Texas. Tex. Nat. Res. Code § 81.051
- 2. All notice requirements have been satisfied. 16 Tex. Admin. Code § 1.45
- 3. The requested field consolidation will prevent waste, protect correlative rights, and promote the orderly development of the field.

RECOMMENDATION

Based on the above findings of fact and conclusions of law, the Examiners recommend the Primero (Wolfcamp, Lower) and the Primero (Wolfcamp, Upper) Fields be consolidated into the Spraberry (Trend Area) Field as requested by Sharp.

Respectfully submitted,



Peggy Laird, P.G.
Technical Examiner



Terry Johnson
Hearings Examiner