

October 3, 2005

OIL AND GAS DOCKET NO. 03-0244127

APPLICATION OF FAMCOR OIL, INC. TO CONSIDER NEW FIELD DESIGNATION AND FIELD RULES FOR THE PROPOSED WILLIAM HANKERSON (WILCOX 10000) FIELD, SAN JACINTO COUNTY, TEXAS

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

DATE OF HEARING: October 3, 2005

APPEARANCES:

James M. Clark

REPRESENTING:

Famcor Oil, Inc.

EXAMINER'S REPORT AND RECOMMENDATION
STATEMENT OF THE CASE

This is the unprotested application of Famcor Oil, Inc. for a new field designation and field rules for the proposed William Hankerson (Wilcox 10000) Field which provide for:

1. The entire combined correlative interval from 10,087' to 10,234 as shown on the Array Induction Compensated Neutron Litho-Density Log of the Famcor Oil, Inc., Sanray Lease Well No. 1 (API No. 42-407-32524), Solomon Cole Survey, A-84, San Jacinto County, Texas should be designated as the William Hankerson (Wilcox 10000) Field.
2. A two-factor allocation formula based on 95% deliverability and 5% per well.

The examiner recommends approval of the application.

DISCUSSION OF THE EVIDENCE

The proposed William Hankerson (Wilcox 10000) Field was discovered on July 7, 2005, by completion of the Famcor Oil, Inc., Sanray Lease Well No. 1 through two sets of select perforations from 10,087' to 10,104' and 10,212' to 10,218' subsurface depth in two Wilcox Formation sands. The Sanray well was originally drilled in 1987 to a depth shallower than the Wilcox Formation and was plugged as a dry hole. In 2005, Famcor re-entered the well and drilled it to a total depth of 11,085' encountering the Wilcox series of sands. The well potentialed at 1,100 MCFD.

The proposed William Hankerson (Wilcox 10000) Field is a new field designation as

there are no other wells completed at this depth within 2.5 miles in the same stratigraphic Wilcox Sand. There are six other recognized and Commission designated Wilcox reservoir fields within the 2.5 miles. The William Hankerson (Wilcox 10400) Field (Famcor Oil, Ogletree Lease Well No. 1) is located 3,200' from the subject well. The producing interval of the Ogletree well is approximately 50 feet lower than the Sanray well. The 10000 Wilcox is not productive in the Ogletree well. A static bottomhole pressure survey measured the reservoir pressure in the Sunray well at 4,683 psi. The entire combined correlative interval from 10,087' to 10,234 as shown on the Array Induction Compensated Neutron Litho-Density Log of the Famcor Oil, Inc., Sanray Lease Well No. 1 (API No. 42-407-32524), Solomon Cole Survey, A-84, San Jacinto County, Texas should be designated as the William Hankerson (Wilcox 10000) Field.

Because the proposed new field is combining multiple productive zones, a two-factor allocation formula is necessary for the protection of correlative rights pursuant to State Statutes. The proposed two-factor allocation formula based on 95% deliverability and 5% per well satisfies this requirement.

FINDINGS OF FACT

1. Notice of this hearing was sent to all affected persons in the subject area field at least ten (10) days prior to the subject hearing.
2. There was no protest at the call of the hearing.
3. The proposed William Hankerson (Wilcox 10000) Field was discovered on July 7, 2005, by completion of the Famcor Oil, Inc., Sanray Lease Well No. 1 through two sets of select perforations from 10,087' to 10,104' and 10,212' to 10,218' subsurface depth in two Wilcox Formation sands.
4. The proposed William Hankerson (Wilcox 10000) Field is a new field designation as there are no other wells completed at this depth within 2.5 miles in the same stratigraphic Wilcox Sand.
5. The entire combined correlative interval from 10,087' to 10,234 as shown on the Array Induction Compensated Neutron Litho-Density Log of the Famcor Oil, Inc., Sanray Lease Well No. 1 (API No. 42-407-32524), Solomon Cole Survey, A-84, San Jacinto County, Texas should be designated as the William Hankerson (Wilcox 10000) Field.
6. Because the proposed new field is combining multiple productive zones, a two-factor allocation formula is necessary for the protection of correlative rights pursuant to State Statutes.
 - a. The proposed two-factor allocation formula based on 95% deliverability and 5% per well satisfies this requirement.

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. Adoption of the proposed new field designation and 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 new field designation and field rules for the William Hankerson (Wilcox 10000) Field.

Respectfully submitted,

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