

May 11, 2006

**OIL AND GAS DOCKET NO. 04-0247013**

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**APPLICATION OF S. LAVON EVANS, JR., OPERATING COMPANY TO CONSIDER  
NEW FIELD DESIGNATION AND FIELD RULES FOR THE PROPOSED PANCHO  
(WILCOX) FIELD, WEBB COUNTY, TEXAS**

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

**DATE OF HEARING:** May 4, 2006

**APPEARANCES:**

**REPRESENTING:**

Philip Whitworth, lawyer  
John F. Miller

S. Lavon Evans, Jr. Operating Company

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

This is the unprotested application of S. Lavon Evans, Jr. Operating Company for a new field designation and field rules for the proposed Pancho (Wilcox) Field which provide for:

1. The entire combined correlative interval from 7,230' to 8,650' as shown on the Induction Log of the Texaco Inc., O.G. De Da Camara Lease Well No. 28 (API No. 42-479-32881), Joshua W. Littig Survey, A-1547, Webb County, Texas should be designated as the Pancho (Wilcox) Field.
2. A two-factor allocation formula based on 95% deliverability and 5% per well.

It is proposed that any overproduction be canceled. The examiner recommends approval of the application.

**DISCUSSION OF THE EVIDENCE**

The proposed Pancho (Wilcox) Field was discovered on January 15, 2005, by completion of the S. Lavon Evans, Jr. Operating Co., Los Ojuelos Mineral Trust Lease Well No. 1 through two sets of perforations from 7,746' to 7,756' and 8,036' to 8,048' subsurface depth. The well potentialed at 2,253 MCFD and an absolute open flow potential of 42,980 MCFD. The calculated bottomhole pressure was 3,192 psig.

The Pancho (Wilcox) Field is a new field designation as there are no other wells completed in the correlative interval within the same fault block within 2.5 miles of the subject well. There are 440 wells within the area of review and all but seven are completed in intervals above 2,700'. The nearest well that was drilled deep enough to encounter the correlative interval was the Texaco Inc., O.G. De Da Camara Lease Well No. 28 and was a dry hole, however, the log of this well provides for a fuller section of the proposed designated interval. The Evan's Los Ojuelos Mineral Trust Lease

Well No. 1 is located 2,000' north of the Texaco well. The nearest comparable correlative production, 2 miles southwest of the Evan's well, is the Vaquillas Ranch SEA Well No. 1 in the Vaquillas Ranch (Carrizo 1 Low) Field and Vaquillas Ranch (Wilcox) Field. However the perforations for this well are 9,412' to 9,440' and 10,094' to 10,194'. It is proposed that the entire combined correlative interval from 7,230' to 8,650' as shown on the Induction Log of the Texaco Inc., O.G. De Da Camara Lease Well No. 28 (API No. 42-479-32881), Joshua W. Littig Survey, A-1547, Webb County, Texas should be designated as the Pancho (Wilcox) 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 Pancho (Wilcox) Field was discovered on January 15, 2005, by completion of the S. Lavon Evans, Jr. Operating Co., Los Ojuelos Mineral Trust Lease Well No. 1 through two sets of perforations from 7,746' to 7,756' and 8,036' to 8,048' subsurface depth.
4. The Pancho (Wilcox) Field is a new field designation as there are no other wells completed in the correlative interval within the same fault block within 2.5 miles of the subject well.
5. The entire combined correlative interval from 7,230' to 8,650' as shown on the Induction Log of the Texaco Inc., O.G. De Da Camara Lease Well No. 28 (API No. 42-479-32881), Joshua W. Littig Survey, A-1547, Webb County, Texas should be designated as the Pancho (Wilcox) 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.
7. Cancellation of over production will not harm correlative rights as this is the only well in the subject field.

### **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 Pancho (Wilcox) Field.

Respectfully submitted,

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