



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL AND GAS DOCKET NO. 01-0282362

**THE APPLICATION OF JOHANSON OIL TO RENUMBER AND AMEND FIELD RULES
FOR THE KAYE (NAVARRO) FIELD, WILSON COUNTY, TEXAS**

HEARD BY: Richard D. Atkins, P.E. - Technical Examiner
Laura Miles-Valdez - Legal Examiner

HEARING DATE: May 29, 2013

APPEARANCES: **REPRESENTING:**

APPLICANT:

Gene Day

Johanson Oil

EXAMINERS' REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Field Rules for the Kaye (Navarro) Field were adopted in Final Order No. 1-33,410, effective May 7, 1956, as amended. The Field Rules are summarized as follows:

1. 233'-467' well spacing;
2. 10 acre oil units;
3. Allocation based on 50% acres and 50% per well;
4. Surface casing provisions.

Johanson Oil ("Johanson") requests that the Field Rules be renumbered and amended, as shown below:

1. Designated correlative interval from 2,522 feet to 2,538 feet as shown on the log of the Johanson Oil - F. F. Eichman Lease, Well No. 6 (API No. 42-493-32587);

2. 150'-300' well spacing;
3. 10 acre oil units with optional 5 acre density;
4. Allocation based on 100% acres with a Top Oil Allowable based on the 1947 Yardstick Allowable of 45 barrels of oil per day.

The application is unopposed and the examiners recommend that the Field Rules for the Kaye (Navarro) Field be renumbered and amended, as proposed by Johanson.

DISCUSSION OF EVIDENCE

The Kaye (Navarro) Field was discovered in February 1956 at an average depth of 2,500 feet. There are 85 producing oil wells and 26 operators carried on the proration schedule. Field Rules currently provide for 233'-467' well spacing and 10 acre oil units. Cumulative production from the field through December 2012 is 4.2 MMBO and 59.0 MMCFG.

There is currently no defined correlative interval for the field. Johanson requests that the field be defined as the correlative interval from 2,522 feet to 2,538 feet as shown on the log of the Johanson Oil - F. F. Eichman Lease, Well No. 6 (API No. 42-493-32587), A Trevino Survey, A-20, Wilson County, Texas. The correlative interval includes the productive Navarro Sand formation. From log analysis, Johanson estimated an average porosity of 25%, an average saltwater saturation of 47%, an average net pay thickness of 10 feet and a recovery factor of 20%. The primary drive mechanism is a solution gas drive and the field is in the later stage of primary depletion.

Johanson is drilling infill wells in the Kaye (Navarro) Field and requests Field Rules that will promote the efficient and effective development of the remaining hydrocarbons. Johanson provided drainage area calculations for an average well that produced from the field and for an average well on the Fleeman Nicks Land & Cattle Co. Lease. The drainage areas were approximately nine and five acres, respectively. Based on the drainage area calculations, Johanson proposes 150'-300' well spacing and 10 acre oil units with optional 5 acre density. Johanson also requests allocation based on 100% acres with a Top Oil Allowable based on the 1947 Yardstick Allowable of 45 barrels of oil per day.

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 Kaye (Navarro) Field was discovered in February 1956 at an average depth of 2,500 feet.

- a. There are 85 producing oil wells and 26 operators carried on the proration schedule.
 - b. Field Rules currently provide for 233'-467' well spacing and 10 acre oil units.
3. The Kaye (Navarro) Field should be defined as the correlative interval from 2,522 feet to 2,538 feet as shown on the log of the Johanson Oil - F. F. Eichman Lease, Well No. 6 (API No. 42-493-32587), A Trevino Survey, A-20, Wilson County, Texas. The correlative interval includes the productive Navarro Sand formation.
 4. Field Rules for the Kaye (Navarro) Field that provide for 150'-300' well spacing and 10 acre oil units with optional 5 acre density are appropriate for the field.
 - a. Johanson Oil ("Johanson") is drilling infill wells in the Kaye (Navarro) Field and requests Field Rules that will promote the efficient and effective development of the remaining hydrocarbons.
 - b. The drainage area for an average well that produced from the field is approximately nine acres.
 - c. The drainage area for an average well on the Fleeman Nicks Land & Cattle Co. Lease is approximately five acres.
 5. Allocation based on 100% acres with a Top Oil Allowable based on the 1947 Yardstick Allowable of 45 barrels of oil per day is appropriate for the Kaye (Navarro) 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. Renumbering and amending the Field Rules for the Kaye (Navarro) 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 renumber and amend the Field Rules for the Kaye (Navarro) Field, as requested by Johanson Oil.

Respectfully submitted,



Richard D. Atkins, P.E.
Technical Examiner



Laura Miles-Valdez
Legal Examiner