

APPLICATION OF FUTURE PETROLEUM COMPANY LLC TO ADOPT PERMANENT FIELD RULES FOR THE BABA (BROWN DOLOMITE) FIELD, HARTLEY COUNTY, TEXAS

HEARD BY: Andres J. Trevino, P.E.

DATE OF HEARING: May 25, 2011

APPEARANCES:

Kerry A. Pollard P.E.

REPRESENTING:

Future Petroleum Company LLC

EXAMINER'S REPORT AND RECOMMENDATION
STATEMENT OF THE CASE

Future Petroleum Company LLC requests that field rules for the Baba (Brown Dolomite) Field be adopted. The field is currently governed by Statewide Rules that provide for a 40 acre density and 467'-1,200' well spacing. Future Petroleum requests that the well density be increased from 40 acres to 640, 467'/1,200' well spacing and a designated interval be included. Future Petroleum proposes the following rules for the field:

1. Designation of the field as the correlative interval from 3,710 feet to 4,190 feet as shown on the Shallow Focused Electric log of the Future Petroleum's, National Prairie Dairy Farms Lease, Well No. 3-1;
2. Minimum well spacing of 467'/1,200' (lease line/between well),
3. 640 acre gas proration units with 10% tolerance and maximum diagonal of 8,500'; and
4. 100% acreage allocation formula.

This application was unopposed and the examiner recommends that the field rules for the Baba (Brown Dolomite) Field be adopted as requested.

DISCUSSION OF THE EVIDENCE

The Baba (Brown Dolomite) Field was discovered in April 2010 at a depth of 3,794' subsurface depth. The top and base of the Brown Dolomite is found between 3,710 feet and 4,190 feet as shown on the log of the Future Petroleum's, National Prairie Dairy Farms Well No. 3-1. The field is governed by Statewide field rules. Future Petroleum believes field rules similar to the Panhandle West Field should be adopted for the Baba (Brown Dolomite)

Field. Cumulative production from the field is 7.9 MMCF of gas.

Future Petroleum drilled and completed the National Prairie Dairy Farms (NPDF) Well No. 3-1 in December 2010 into the upper zone of the Brown Dolomite. The well flowed at a rate of 1.4 MMCF of gas with a bottom hole pressure of 335 psi. The edge of the Panhandle West field is located two miles to the east of the NPDF Well No. 3-1. The two fields are separated by faulting. Future Petroleum believes field rules similar to the Panhandle West Field should be adopted for the Baba (Brown Dolomite) Field. The Panhandle West Field operates on 640 acre density, 330'/660' well spacing. Future Petroleum requests 640 acre gas unit density as the NPDF Well No. 3-1 bottom hole pressure of 335 psia shows the well near original bottom hole pressure for the Panhandle West field with 400 psia. Future Petroleum believes the Brown Dolomite will have similar drainage characteristics in the Baba Field as in the Panhandle West Field. There are other gas fields in the District 10 area that have a density of 640 acres per well and flexible well spacing. Adopting the proposed field rules will prevent the drilling of unnecessary wells.

The proposed minimum well spacing, 467'/1,200' (leaseline/between well), will provide for additional flexibility in locating new wells and is similar to other fields in the area.

Continuation of the 100% acreage allocation formula will provide for the protection of correlative rights pursuant to State Statutes.

FINDINGS OF FACT

1. Notice of this hearing was sent to all operators in the subject field at least ten (10) days prior to the subject hearing.
2. There was no protest at the call of the hearing.
3. The Baba (Brown Dolomite) Field was discovered in April 2010 at a depth of 3,794' subsurface depth. The field is currently governed by Statewide Rules.
4. The proposed correlative interval for the field is from 3,710 feet to 4,190 feet as shown on the Shallow Focused Electric log of the Future Petroleum's, National Prairie Dairy Farms Lease, Well No. 3-1. This interval includes the top and base of the Brown Dolomite.
5. The base 640 acre gas unit density is warranted for the Baba (Brown Dolomite) Field.
 - a. The National Prairie Dairy Farms (NPDF) Well No. 3-1 encountered near original bottom hole pressure of 335 psia similar to the Panhandle West Field's virgin pressure of 400 psia.
 - b. The Brown Dolomite in the Baba Field is believed to have similar drainage characteristics as the Brown Dolomite in the Panhandle West Field.

- c. There are numerous other gas fields in the District 10 area that have a density of 640 acres per well.
6. The proposed minimum well spacing, 467'/1,200 (leaseline/between well), will provide for additional flexibility in locating new wells and is similar to other fields in the area.
7. Continuation of the 100% acreage allocation formula will provide for the protection of correlative rights pursuant to State Statutes.

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. Consideration of field rules, a determination of their effectiveness and appropriate actions is a matter within the Commission jurisdiction.
4. Adoption of the proposed 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 permanent field rules for the Baba (Brown Dolomite) Field.

Respectfully submitted,

Andres J. Trevino, P.E.
Technical Examiner