

July 26, 2007

**OIL AND GAS DOCKET NO. 03-0252359**

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**APPLICATION OF CICO OIL & GAS COMPANY TO CONSIDER NEW FIELD DESIGNATION AND FIELD RULES FOR THE PROPOSED HUNGERFORD, S. (COOK MOUNTAIN) FIELD, WHARTON COUNTY, TEXAS**

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

**DATE OF HEARING:** July 24, 2007

**APPEARANCES:**

**REPRESENTING:**

Dale Miller

CICO Oil & Gas Company

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

This is the unprotested application of CICO Oil & Gas Company for a new field designation and field rules for the proposed Hungerford, S. (Cook Mountain) Field which provide for:

1. The entire combined correlative interval from 10,600' to 11,150' as shown on the type log CICO Oil & Gas Co., Rust Estate Lease Well No. 1 (API No. 42-481-34881), G.W. Singleton, A-58, Wharton County, Texas should be designated as the Hungerford, S. (Cook Mountain) Field.
2. A two-factor allocation formula based on 95% deliverability and 5% per well.

It is also requested that any over production be canceled. Subsequent to the hearing it was discovered that the proposed field name, Auburn (Cook Mountain), could not be used for a field name in District 3. Therefore, the third proposed field name as indicated on Form P-7 was used. Thus the field will be the Hungerford, S. (Cook Mountain).

**DISCUSSION OF THE EVIDENCE**

The proposed Hungerford, S. (Cook Mountain) Field was discovered on March 10, 2007, by completion of the CICO Oil & Gas Co., Rust Estate Lease Well No. 1 through perforations from 11,060' to 11,102' subsurface depth. The well potential at a highest rate of 1,735 MCFD. The calculated bottomhole pressure was 8,428 psig.

The proposed Hungerford, S. (Cook Mountain) Field is a new field designation as there are no wells that have been completed in the Cook Mountain formation within 2-1/2 miles. There were three wells that penetrated the formation but were subsequently plugged.

The entire combined correlative interval from 10,600' to 11,150' as shown on the type log

CICO Oil & Gas Co., Rust Estate Lease Well No. 1 (API No. 42-481-34881), G.W. Singleton, A-58, Wharton County, Texas should be designated as the Hungerford, S. (Cook Mountain) Field. The producing intervals are geo-pressured. The completion cost of the well was \$3.6 million. It is estimated that an additional 67 MMCF of gas will be recovered by completing in the zones at the same time because of lowering the economic producing limit of each.

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. Cancellation of overproduction will not harm correlative rights as there are no other wells in the subject formation.

### **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 Hungerford, S. (Cook Mountain) Field was discovered on March 10, 2007, by completion of the CICO Oil & Gas Co., Rust Estate Lease Well No. 1 through perforations from 11,060' to 11,102' subsurface depth.
4. The proposed Hungerford, S. (Cook Mountain) Field is a new field designation as there are no wells that have been completed in the Cook Mountain formation within 2-1/2 miles.
5. The entire combined correlative interval from 10,600' to 11,150' as shown on the type log CICO Oil & Gas Co., Rust Estate Lease Well No. 1 (API No. 42-481-34881), G.W. Singleton, A-58, Wharton County, Texas should be designated as the Hungerford, S. (Cook Mountain) 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 overproduction will not harm correlative rights as there are no other wells in the subject formation.

### **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 Hungerford, S. (Cook Mountain) Field.

Respectfully submitted,

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