

April 30, 2007

OIL AND GAS DOCKET NO. 08-0251158

APPLICATION OF EAGLE OIL & GAS COMPANY FOR NEW FIELD DESIGNATION AND FIELD RULES FOR THE PROPOSED HALEY-WINFIELD (ATOKA) FIELD, PECOS COUNTY, TEXAS

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

DATE OF HEARING: April 30, 2007

APPEARANCES:

REPRESENTING:

Darrell Lohoefer (via phone)

Eagle Oil & Gas Company

EXAMINER'S REPORT AND RECOMMENDATION
STATEMENT OF THE CASE

This is the unprotested application of Eagle Oil & Gas Company for a new field designation and field rules for the proposed Haley-Winfield (Atoka) Field which provide for:

1. The entire combined correlative interval from 17,950' to 18,382' as shown on the Array Induction Sonic Porosity Gamma Ray log of the Camden Resources, Inc., Winfield Ranch State No. 14 Lease Well No. 1 (API No. 42-371-37682), Sec 14, Blk 118, T & ST LRR Survey, A-56470, Pecos County, Texas should be designated as the Haley-Winfield (Atoka) 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. The proposed field name was Haley, South (Atoka) Field, however, the Commission's Field ID Number system could not assign such a name. Eagle's third field name choice was used, hence, the proposed name Haley-Winfield (Atoka) is designated. The examiner recommends approval of the application as amended.

DISCUSSION OF THE EVIDENCE

The proposed Haley-Winfield (Atoka) Field was discovered February 3, 2007, by completion of the Eagle Oil & Gas, Winfield Ranch State No. 14 Lease Well No. 1 through five sets of perforations from 18,122' to 18,212' subsurface depth. The well potential at 2,924 MCFD and a shut-in bottomhole pressure of 14,754 psig. The well was fracture stimulated.

The proposed Haley, South (Atoka) Field is a new field designation as there are no other wells within 2.5 miles that are productive in the Atoka Formation. The entire combined correlative interval from 17,950' to 18,382' as shown on the Array Induction Sonic Porosity Gamma Ray log of the Camden Resources, Inc., Winfield Ranch State No. 14 Lease Well No. 1 (API No. 42-371-

37682), Sec 14, Blk 118, T & ST LRR Survey, A-56470, Pecos County, Texas should be designated as the Haley-Winfield (Atoka) 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. Cancellation of overproduction will not harm correlative rights as this is the only well in the proposed field.

Cancellation of overproduction will not harm correlative rights as the subject well is the only well in the proposed reservoir.

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 Haley-Winfield (Atoka) Field was discovered February 3, 2007, by completion of the Eagle Oil & Gas, Winfield Ranch State No. 14 Lease Well No. 1 through five sets of perforations from 18,122' to 18,212' subsurface depth.
4. The proposed Haley-Winfield (Atoka) Field is a new field designation as there are no other wells within 2.5 miles that are productive in the Atoka Formation.
5. The entire combined correlative interval from 17,950' to 18,382' as shown on the Array Induction Sonic Porosity Gamma Ray log of the Camden Resources, Inc., Winfield Ranch State No. 14 Lease Well No. 1 (API No. 42-371-37682), Sec 14, Blk 118, T & ST LRR Survey, A-56470, Pecos County, Texas should be designated as the Haley-Winfield (Atoka) 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 the subject well is the only well in the proposed reservoir.

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 Haley-Winfield (Atoka) Field.

Respectfully submitted,

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