

**THE APPLICATION OF ANADARKO PETROLEUM CORPORATION TO CONSIDER
NEW FIELD DESIGNATION AND FIELD RULES FOR THE (PROPOSED) WHIPTAIL
(LWR. WOLFCAMP-PENN) FIELD, REEVES COUNTY, TEXAS**

Heard by: Andres J. Trevino, P.E. on April 21, 2008

Appearances:

Ana Maria Marsland-Griffith
David Christian

Representing:

Anadarko Petroleum Corporation

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Anadarko Petroleum Corporation requests that a new field designation called the Whiptail (Lwr. Wolfcamp-Penn) Field be approved for its Wahoo 56-3-3 Well No. 1. Anadarko also requests that the following rules be adopted for the Whiptail (Lwr. Wolfcamp-Penn) Field:

1. Designation of the field as the correlative interval from 11,165 feet and 15,975 feet, as shown on the log of the Wahoo 56-3-3 Lease, Well No. 1;
2. 1,320' - 2,640' well spacing;
3. 640 acre proration units with 10% tolerance for the last well on a lease and a maximum diagonal of 8,500 feet;
4. Allocation based on 95% deliverability and 5% per well.

Anadarko also request cancellation of overproduction. There were no protests to this application and the examiner recommends approval of the new field designation and field rules.

DISCUSSION OF EVIDENCE

Anadarko Petroleum Corporation completed its Wahoo 56-3-3 Well No. 1 in April 2007. The well has seven sets of perforations in the Wolfcamp-Penn Sand series between 13,120 feet and 15,235 feet. On initial test, the well produced at a rate of 631 MCFD, 2 BCPD and 290 BWPD with a flowing tubing pressure of 1,850 psi. The well's production

has declined rapidly and currently produces 200 MCFD.

The new field designation should be approved for the Wahoo 56-3-3 Well No. 1. The nearest comparable production is approximately 4.1 miles to the northwest in the Chapman Deep (Atoka) Field. There is only one well within the 2½ mile radius of the well which has penetrated the proposed correlative interval and it was a dry hole.

Anadarko requests that the entire correlative interval between 11,165 feet to 15,975 feet in the Wahoo 56-3-3 Well No. 1 be considered a single field. This interval includes numerous sand and shale sequences. The Lower Wolfcamp-Penn interval includes the Lower Wolfcamp, the Penn, the Strawn, the Atoka and the Morrow Formations. The Barnett Shale is found at the base of the proposed interval at 15,975 feet in this well. Separate completions in the intervals would not be commercial.

Anadarko requests well density of 640 acres and well spacing of 1,320 feet from lease line and 2,640 feet between wells. Other fields in the area that produce from the same zones have similar rules. The Moore-Hooper Field is located 20 miles to the east, produces from the Lower Wolfcamp-Penn formation, has 640/320 acre density and 660/1,320 foot well spacing. The Haley Field is located 25 miles to the east, produces from the Lower Wolfcamp-Penn formation, has 640 acre density and 1,320/2,640 foot well spacing. Production from the sand and shale sequence is highly variable from well to well. In the Moore-Hooper Field wells have estimated ultimate recoveries which range from .174 BCF to 11.9 BCF. In the Haley Field wells have estimated ultimate recoveries which range from .2 BCF to 31.5 BCF. These fields are a statistical play in that if enough large producing wells are drilled they will make up for the poor producing wells.

State statutes require that a two factor allocation formula be adopted for the proposed field designation to be considered a single field. Anadarko requests that allocation be based on 95% deliverability and 5% per well for the field. Because the productive interval is composed of numerous sands and production and ultimate recovery is highly variable from well to well and not dependant on acreage, acreage should not be considered part of the allocation formula at this time. As of April 14, 2008, the Wahoo 56-3-3 Well No. 1 is overproduced by approximately 64.77 MMCF of gas, Anadarko requests the overproduction be cancelled.

FINDINGS OF FACT

1. Notice of this hearing was given to all persons entitled to notice at least ten days prior to the date of hearing.
2. Anadarko Petroleum Corporation completed its Wahoo 56-3-3 Well No. 1 in April 2006 with four sets of perforations in the Wolfcamp-Penn Sand series 13,120 feet and 15,235 feet. On initial test, the well produced at a rate of 631 MCFD, 2 BCPD and 290 BWPD.
4. The Wahoo 56-3-3 Well No. 1 is entitled to a new field designation because there is no comparable production within a 2½ mile radius of the subject well.

5. The entire correlative interval from 11,165 feet to 15,975 feet as shown on the Computer Processed Log of the Wahoo 56-3-3 Well No. 1 should be designated as the Whiptail (Lwr. Wolfcamp-Penn) Field.
6. Anadarko requests well density of 640 acres and well spacing of 1,320 feet from lease line and 2,640 feet between wells. Other fields in the area that produce from the same zones have similar rules as the estimated ultimate recovery from the wells vary greatly from .174 BCF to 31.5 BCF.
7. Allocation based on 95% deliverability and 5% per well will protect correlative rights and meets statutory requirements for combining multiple productive zones into a single field.
8. As of April 14, 2008, the Wahoo 56-3-3 Well No. 1 is overproduced by approximately 64.77 MMCF of gas.

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. Approval of the requested new field designation and adoption of field rules will prevent waste, protect correlative rights and promote the orderly development of the field.

RECOMMENDATION

Based on the above findings and conclusions of law, the examiner recommends approval of the new field designation and adoption of field rules for the Whiptail (Lwr. Wolfcamp-Penn) Field.

Respectfully submitted,

Andres J. Trevino, P.E.
Technical Examiner