



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL AND GAS DOCKET NO. 01-0283284

**APPLICATION OF FOREST OIL CORPORATION TO ADOPT FIELD RULES FOR
THE SMILEY (AUSTIN CHALK), GONZALES COUNTY, TEXAS**

HEARD BY: Paul Dubois - Technical Examiner
Michael Crnich - Legal Examiner

DATE OF HEARING: July 29, 2013

APPEARANCES:

Doug Dashiell
Rick Johnston, P.E.

REPRESENTING:

Forest Oil Corporation

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

This is the application of Forest Oil Corporation (Forest), for the Commission to consider adopting field rules for the Smiley (Austin Chalk) Field in Gonzales County, Texas. Forest is currently developing acreage in the underlying Eagleville (Eagle Ford-1) Field. The purpose of this proposal is to align the Smiley (Austin Chalk) Field Rules with those of the Eagleville (Eagle Ford-1), facilitating the drilling of wells in which the two fields are commingled under Statewide Rule 10. Forest has concurrently requested blanket authority to commingle the two fields (Docket 01-0283283, also heard on July 29, 2013). This application to amend field rules for the Smiley (Austin Chalk) Field is unopposed and the examiners recommend approval.

DISCUSSION OF THE EVIDENCE

The Smiley (Austin Chalk) Field was discovered on June 28, 1978. The field is under Statewide Rules. There are currently no wells on the proration schedule for this field, and there has been no production since about 1991. Nine wells were completed in the field, all of which have been plugged and abandoned. The Commission has, however, approved exceptions to Statewide Rule 10 that allow for downhole commingling of the Smiley (Austin Chalk) and Eagleville (Eagle Ford-1) Fields in several wells.

The Austin Chalk is not a target for Forest's development activity. However, horizontal wells occasionally 'porpoise' above and below the Austin Chalk / Eagle Ford contact. While the operator takes action to prevent this from happening or to minimize it when it does, occasionally the drill bit crosses the contact into the Austin Chalk before it can be redirected to the Eagle Ford. Allowing the Smiley (Austin Chalk) Field Rules to mirror those of the underlying Eagleville (Eagle Ford-1) will enable Forest, and other operators in the field, to more efficiently respond to the regulatory requirements when the two formations are penetrated.

Forest is requesting that the Smiley (Austin Chalk) Field rules be adopted with the following provisions:

1. The adoption of a correlative interval for the Smiley (Austin Chalk) Field to consist of the interval from 7,074 feet to 7,332 feet as shown on the log of the Patteson Well No. 3M (API No. 42-177-32291), Abstract 425, Wm. Small Survey, Gonzales County, Texas as a single reservoir for proration purposes.
2. Well spacing of 330-0 feet with take point spacing rules for horizontal drainhole wells, the adoption of a 33-foot box rule, and an off lease penetration point rule with notice to the mineral owners of the offsite tract.
3. Eighty (80) acre oil proration units with forty (40) acre tolerance and forty (40) acre optional oil proration units with a proportional acreage allowable credit for fractional proration units. Operators may assign additional acreage to proration units for horizontal wells as authorized by Statewide Rule 86.
4. Allowable assigned pursuant to the 1965 Yardstick.
5. Administrative six (6) month exceptions to Statewide Rule 13(b)(50(A) regarding the requirement of having to be produced through tubing. The applicant requests that this rule be the same rule that exists for the Eagleville (Eagle Ford-1) Field.
6. Administrative exceptions to Statewide Rule 51(a) regarding the ten (10) day rule for filing the potential test after testing of a well. The applicant requests that this rule be the same rule as implemented for the Eagleville (Eagle Ford-1) Field.

The correlative interval requested in Rule 1 above is the Austin Chalk interval that directly overlies the Eagleville (Eagle Ford-1) correlative interval as established by the type log for that field.

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 hearing.
2. The hearing was not protested.
3. The Smiley (Austin Chalk) Field has is an existing but currently non-productive field overlying the Eagleville (Eagle Ford-1) Field in Gonzales County.
4. The field was developed with 9 wells, all of which have been plugged and abandoned.
5. The Smiley (Austin Chalk) Field has not produced hydrocarbons since about 1991.
6. The proposed field rules are consistent with rules recently adopted in other fields experiencing horizontal well development, especially the immediately underlying Eagleville (Eagle Ford-1) Field.
7. The proposed field rules will reduce waste and protect correlative rights.

CONCLUSIONS OF LAW

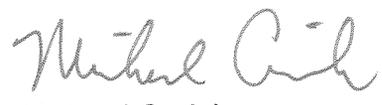
1. Proper notice of this hearing was given to all persons legally entitled to notice.
2. All things have occurred or been accomplished to give the Railroad Commission jurisdiction in this matter.
3. The proposed field rules will prevent waste, protect correlative rights, and satisfy statutory requirements.

EXAMINERS' RECOMMENDATION

Based on the above findings and conclusions of law, the examiners recommend approval of the proposed amended field rules for the Smiley (Austin Chalk) Field.

Respectfully submitted,


Paul Dubois
Technical Hearings Examiner


Michael Crnich
Legal Hearings Examiner