

OIL AND GAS DOCKET NO. 06-0255750

THE APPLICATION OF FOREST OIL CORPORATION TO AMEND THE FIELD RULES FOR THE CARTHAGE, NORTH (COTTON VALLEY) FIELD, HARRISON AND PANOLA COUNTIES, TEXAS

Heard by: Andres J. Trevino, P.E. and Richard Atkins, P.E. on March 19, 2008

Appearances:

Rick Johnston

Representing:

Forest Oil Corporation

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Field rules for the Carthage, North (Cotton Valley) Field were amended in Final Order No. 06-0249860, effective February 23, 2007. The rules in effect for the field are summarized as follows:

1. Designation of the field as the correlative interval from 8,449 feet to 9,820 feet as shown on the log of the Fina - Werner Saw Mill Gas Unit No. 6;
2. 467' - 600' well spacing
3. 40 acre drilling units with 20 acre optional units;
4. Allocation based on 95% deliverability and 5% per well.

Forest requests that the rules be amended to provide for 467'-600' well spacing and 0' between well spacing between vertical and horizontal wells. Forest also requests that the filing of P-15's and plats not be required as long as the field is 100% AOF and the allocation formula in the field remain suspended.

This application was unopposed and the examiner recommends that the field rules be amended as proposed by Forest and that the allocation formula in the field remain suspended.

DISCUSSION OF EVIDENCE

The Carthage, North (Cotton Valley) Field was discovered in 1981. Forest currently does not have any wells in the field but holds acreage and has permitted a horizontal well in the field. There are 267 gas wells and 3 oil wells carried on the proration schedule. The field is classified as an associated field and is AOF status.

Forest is proposing to drill horizontal wells in the Carthage, North (Cotton Valley) Field to recover additional hydrocarbons within the Cotton Valley Taylor Sand formation. In order to design an optimum fracture stimulation procedure for the horizontal completion, Forest will first drill a vertical well on a pad site. The vertical well will be logged and fracture stimulated. Tests will be performed on the vertical well to better calibrate and design a fracture stimulation procedure for the horizontal well. The drilling rig will then be skidded 20 to 50 feet from the vertical well to drill the horizontal well on the same pad site. Forest will fracture stimulate the horizontal well based on the vertical well's test results. Forest requests the 0 feet between vertical and horizontal wells to accommodate the proposed completion procedure. Forest will produce both the vertical and horizontal wells.

Forest also requests that the filing of P-15's and plats not be required as long as the field has 100% AOF. As acreage is not part of the allocation formula this request will eliminate unnecessary paperwork. An exception will be the filing of as-drilled plats will showing the path, penetration point and terminus of all drainholes in horizontal wells.

FINDINGS OF FACT

1. Notice of this hearing was given to all persons entitled to notice and no protests were received.
2. The Carthage, North (Cotton Valley) Field was discovered in 1981.
3. The Carthage, North (Cotton Valley) Field is classified as an associated field and the allocation formula is currently suspended. There are 267 gas wells and 3 oil wells completed in the field.
4. Acreage is not part of the allocation formula.
5. Forest will drill a horizontal well within 50 feet of a vertical well to optimize the fracture stimulation design for the horizontal well.
6. Well spacing a minimum of 467 feet from lease lines, 600 feet between like wells and 0 feet between vertical and horizontal wells will allow Forest to optimize fracture stimulation design and provide the additional flexibility needed to develop this field in an area which has numerous surface issues.

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. Amending the field rules for the Carthage, North (Cotton Valley) Field as proposed by Forest Oil Corporation is necessary to prevent waste, protect correlative rights and promote development of the field.

RECOMMENDATION

Based on the above findings and conclusions of law, the examiner recommends that the field Rule 2 and 3 for the Carthage, North (Cotton Valley) Field be amended as proposed by Forest Oil Corporation and that the allocation formula in the field remain suspended.

Respectfully submitted,

Andres J. Trevino, P.E.
Technical Examiner