



# RAILROAD COMMISSION OF TEXAS

## HEARINGS DIVISION

OIL AND GAS DOCKET NO. 06-0281970

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THE APPLICATION OF FOREST OIL CORPORATION TO ADOPT FIELD RULES FOR  
THE WALKERS CHAPEL (PETTIT 8100) FIELD, CHEROKEE COUNTY, TEXAS

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HEARD BY: Andres J. Trevino, P.E. - Technical Examiner  
Marshall Enquist - Legal Examiner

HEARING DATE: May 20, 2013

APPEARANCES: REPRESENTING:

**APPLICANT:**

Rick Johnston	Forest Oil Corporation
Richard McDonald	Ponta Oil & Gas

**EXAMINERS' REPORT AND RECOMMENDATION**

**STATEMENT OF THE CASE**

Forest Oil Corporation ("Forest Oil") requests that Field Rules for the Walkers Chapel (Pettit 8100) Field be adopted. Forest Oil requests the following Field Rules:

1. Designation of the field as the correlative interval from 8,191 feet to 8,559 feet as seen on the log of the Cordillera Texas, L.P. - Dickerson Lease, Well No. 1 (API No. 42-073-31283);
2. 330'-330' well spacing and no minimum between well spacing limitation between horizontal drainhole wells and vertical with special provisions for "take points", 200' lease line spacing for the first and last take points, a 33 foot "box" rule and "off-lease" penetration point for horizontal drainhole wells;
3. 40 acre units for vertical oil and gas wells, No proration plat requirements;
4. Allocation based on 100% acres for both oil and gas wells:

The application is unprotested and the examiners recommend that Field Rules for the Walkers Chapel (Pettit 8100) Field be adopted, as proposed by Forest Oil.

**DISCUSSION OF THE EVIDENCE**

The Walkers Chapel (Pettit 8100) Field was discovered in April 1985 at an average depth of 8,218 feet. The field is classified as associated and operates under Statewide Rules. There are four producing oil wells, one producing gas well and four operators carried on the proration schedules. Cumulative production from the field through May 2013 is 287.6 MBO and 2.3 BCFG.

There is currently no defined correlative interval for the field. Forest Oil requests that the field be defined as the correlative interval from 8,191 feet to 8,559 feet as seen on the log of the Cordillera Texas, L.P. - Dickerson Lease, Well No. 1 (API No. 42-073-31283), Section 156, Lucky, TH Survey, A-518, Cherokee County, Texas. The correlative interval includes the productive Pettit formation.

Forest Oil is proposing to drill horizontal infill wells and requests Field Rules to promote the efficient and effective development of the remaining hydrocarbons. Forest Oil requests 330'-330' well spacing and no minimum between well spacing limitation between horizontal drainhole wells and vertical with special provisions for "take points", 200' lease line spacing for the first and last take points, a 33 foot "box" rule and "off-lease" penetration point for horizontal drainhole wells. Similar rules have been adopted in other tight reservoirs, including the Pettit, Cotton Valley and Eagle Ford formations.

Forest Oil requests that a field rule be adopted which includes language relevant to the measurement of distances to lease lines for horizontal drainhole wells. Forest Oil's proposed rule specifies that, for purposes of lease line spacing, the nearest "take point" in a horizontal well be used. This take-point could be a perforation in a horizontal well that is cased and cemented, an external casing packer in a cased well, or any open-hole section in an uncased well.

Forest Oil proposes a tolerance "box rule" for horizontal drainhole wells that would allow drainholes to deviate 33 feet from either side of their permitted track without the necessity of obtaining a Statewide Rule 37 exception. As drilled wells for which all points are located within the "box" would be considered in compliance with their drilling permits.

In some cases, it is beneficial to penetrate the reservoir off lease, while still having "take points" no closer to lease lines than allowed under the field rules. Forest Oil requests that Field Rules for the subject field provide for an "off-lease" penetration point. Statewide Rule 86 requires that the penetration point of a horizontal drainhole be on the lease. In this field, a well generally requires approximately 600 feet of horizontal displacement to make the 90 degree turn from vertical to horizontal. If the penetration point is required to be on the lease, then the first point of production would be about 600 feet from the lease line. The proposed rule will allow approximately 300 feet of additional producing drainhole, resulting in the recovery of additional oil and gas reserves. The Commission has adopted similar rules allowing offsite penetration points in other fields, after the operator has given

notice to the mineral owners of the off-lease tract on which the penetration point is to be located and received no protest. For purposes of the assignment of additional acreage pursuant to Statewide Rule 86, it is proposed that the distance between the first and last take-point in a horizontal drainhole well be used.

The low permeability of the formation limits the effective drainage in the individual stages. Consequently, the drainage in the first and last take points will be minimal. The 200' leaseline spacing for the first and last take points will result in an additional recovery of reserves.

Forest Oil requests that allocation be based on 100% acres. Forest Oil also requests that proration unit plats not be required for individual wells, but that Form P-15 be filed to designate the number of acres to be assigned to each well.

**FINDINGS OF FACT**

1. Notice of this application and hearing was provided to all persons entitled to notice at least ten (10) days prior to the date of the hearing.
2. The Walkers Chapel (Pettit 8100) Field was discovered in April 1985 at an average depth of 8,218 feet.
  - a. The field is classified as associated oil field and operates under Statewide Rules.
  - b. There are four producing oil wells, one producing gas well and four operators carried on the proration schedules.
3. The Walkers Chapel (Pettit 8100) Field should be defined as the correlative interval from 8,191 feet to 8,559 feet as seen on the log of the Cordillera Texas, L.P. - Dickerson Lease, Well No. 1 (API No. 42-073-31283), Section 156, Lucky, TH Survey, A-518, Cherokee County, Texas. The correlative interval includes the productive Pettit formation.
4. The Walkers Chapel (Pettit 8100) Field is actively being developed with horizontal drainhole wells.
5. Field Rules providing for 330'-330' well spacing and no minimum between well spacing limitation between horizontal drainhole wells and vertical with special provisions for "take points", 200' lease line spacing for the first and last take points, a 33 foot "box" rule and "off-lease" penetration point for horizontal drainhole wells will provide consistency in developing the field and will allow greater flexibility in selecting future drilling locations.

6. A spacing rule which utilizes “take-points” in a horizontal well for determination of distances to lease lines will prevent waste and will not harm correlative rights.
  - a. A take-point in a horizontal well in this field may be a perforation in a horizontal well that is cased and cemented, an external casing packer in a cased well, or any open-hole section in an uncased portion of the wellbore.
  - b. Adoption of the proposed rule will allow the horizontal drainhole length on a lease to be maximized.
  - c. For purposes of assignment of additional acreage pursuant to Statewide Rule 86, the distance between the first and last take-point in a horizontal well should be used.
7. The proposed 33 foot “box” rule is necessary to allow operators reasonable minor deviations from the wellbore track that has been permitted.
8. Allowing an “off-lease” penetration point will result in maximum producing drainhole length, thereby increasing ultimate recovery from horizontal drainhole wells. To protect correlative rights, prior notice and opportunity to object should be given to the mineral owners of “off-lease” surface locations.
9. A 200' leaseline spacing for the first and last take points will result in an additional recovery of reserves. The low permeability of the formation limits the effective drainage in the individual stages.
10. Similar rules have been adopted in other tight reservoirs, including the Eagle Ford, Cotton Valley and Barnett Shale formations.
11. Allocation based on 100% acres is a reasonable formula which will protect correlative rights and meet statutory requirements.
12. The filing of Form P-15 to designate the number of acres to be assigned to each well for proration purposes with no proration unit plats will eliminate unnecessary paperwork.

#### **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. Adopting Field Rules for the Walkers Chapel (Pettit 8100) Field is necessary to prevent waste, protect correlative rights and promote development of the field.

**EXAMINERS' RECOMMENDATION**

Based on the above findings of fact and conclusions of law, the examiners recommend that the Commission adopt Field Rules for the Walkers Chapel (Pettit 8100) Field, as requested by Forest Oil Corporation.

Respectfully submitted,



Andres J. Trevino, P.E.  
Technical Examiner



Marshall Enquist  
Legal Examiner