

THE APPLICATION OF PATARA OIL & GAS LLC FOR BLANKET STATEWIDE RULE 10 AUTHORITY FOR THE CARTHAGE (COTTON VALLEY) FIELD AND VARIOUS PETTIT AND TRAVIS PEAK FIELDS, GREGG, HARRISON, PANOLA, RUSK AND SHELBY COUNTIES, TEXAS

HEARD BY: Richard D. Atkins, P.E. - Technical Examiner

HEARING DATE: December 1, 2010

APPEARANCES:

REPRESENTING:

APPLICANT:

James M. Clark

Patara Oil & Gas LLC

EXAMINER'S REPORT AND RECOMMENDATION
STATEMENT OF THE CASE

Patara Oil & Gas LLC ("Patara") requests Blanket Statewide Rule 10 Authority for any well in the following nine fields:

<u>FIELD NAME</u>	<u>FIELD NUMBER</u>
Carthage (Cotton Valley)	16032 174
Beckville (Travis Peak)	06649 500
Carthage (Travis Peak)	16032 812
Fairplay, NE. (Travis Peak)	30015 500
ITEX (Travis Peak)	44827 500
Carthage (Pettit, Lower)	16032 638
ITEX (Pettit)	44827 300
Beckville (Pettit 6800)	06648 750
J. G. S. (Pettit, Lower)	45034 200

It is requested that the commingled wells be assigned to any of the fields, as all wells may not be commingled in all fields.

This application was unopposed and the examiner recommends approval of the Blanket Statewide Rule 10 Authority for the nine subject fields, as requested by Patara.

OIL AND GAS DOCKET NO. 06-0267861

DISCUSSION OF THE EVIDENCE

The nine subject fields were discovered beginning in 1950 and most are classified as associated with AOF status. Numerous wells in the fields have had completions in more than one field. Most of the recent development has been in the Cotton Valley formation. The Pettit and Travis Peak intervals are depleted and operators generally add Pettit and Travis Peak perforations after the Cotton Valley has depleted down to 200-300 MCFGPD.

Goodrich Petroleum Company, EOG Resources, Inc. and Cabot Oil & Gas Corporation have already applied for and received a Blanket Rule 10 authority for wells which they operate in many of the subject fields. In addition, the Appleby, N., Danville, Naconiche and Trawick Fields have been consolidated and their field correlative intervals include the Pettit, Travis Peak and Cotton Valley formations.

No fluid compatibility problems have occurred in previously commingled wells. In previous a hearing in Docket No. 06-0252237, Goodrich Petroleum Company submitted a water analysis for the Cotton Valley and Travis Peak formations which indicated very little scaling tendencies. Accordingly, no fluid compatibility problems have occurred in previously commingled wells which Goodrich operates. Patara stated that if scaling becomes an issue, scaling inhibitors will be used as necessary.

Patara does not expect any cross-flow to occur because the zones will not be commingled until the Cotton Valley formation pressure is depleted sufficiently to match the Pettit and Travis Peak zones. In addition, any cross-flow which may occur will not cause reservoir damage because of the low scaling tendencies.

Patara estimates that incremental reserves as a result of commingling are 20 to 50 MMCFG per each additional reservoir that is commingled in a single well. This additional recovery is a result of a lower combined economic limit. Patara plans recompletions in the existing wellbores, as well as, commingling several fields in newly drilled wells. It is requested that the commingled wells be assigned to any of the fields, as all wells may not be commingled in all fields.

FINDINGS OF FACT

1. Notice of this hearing was issued to all operators in the nine subject fields.
2. The subject nine fields were discovered beginning in 1950 and most are classified as associated with AOF status. Numerous wells in the fields have had completions in more than one field.
3. Goodrich Petroleum Company, EOG Resources, Inc. and Cabot Oil & Gas Corporation have already applied for and received a Blanket Rule 10 authority for wells which they operate in many of the subject fields.

OIL AND GAS DOCKET NO. 06-0267861

4. The Appleby, N., Danville, Naconiche and Trawick Fields have been consolidated and their field correlative intervals include the Pettit, Travis Peak and Cotton Valley formations.
5. Cross-flow between the fields is not expected because wells will not be commingled until pressures are equalized. No fluid compatibility problems have been observed in previously commingled wells and water analysis indicates very little scaling tendencies.
6. Downhole commingling production from these fields will prevent waste because separate completions in the Pettit and Travis Peak formations are generally no longer economic.
7. Incremental recovery as a result of commingling is estimated to be 20 to 50 MMCFG per each additional reservoir that is commingled in a single well. This additional recovery is a result of a lower combined economic limit.

CONCLUSIONS OF LAW

1. Proper notice was issued as required by all applicable codes and regulatory statutes.
2. All things have occurred and been accomplished to give the Commission jurisdiction in this matter.
3. Approval of the requested Blanket Rule 10 Authority for the nine subject fields will prevent waste and will not harm correlative rights.

EXAMINER'S RECOMMENDATION

Based on the above findings of fact and conclusions of law, the examiner recommends that the Commission approve the Blanket Rule 10 Authority for the nine subject fields, as requested by Patara Oil & Gas LLC and specified in the attached order.

Respectfully submitted,

Richard D. Atkins, P.E.
Technical Examiner