

OIL AND GAS DOCKET NO. 06-0251567

THE APPLICATION OF SOUTHWESTERN ENERGY PROD. CO. FOR APPROVAL OF NON-CONTIGUOUS PRORATION UNITS ON ITS ALLRED UNIT, OVERTON (COTTON VALLEY SAND) FIELD, SMITH COUNTY, TEXAS

Heard by: Donna K. Chandler, Technical Examiner

Hearing Date: June 5, 2007

Appearances:

John Soule
Terry Darilek

Representing:

Southwestern Energy Prod. Co.

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Southwestern Energy Prod. Co. requests that its Allred Unit in the Overton (Cotton Valley) Sand Field be treated as an entity for density purposes such that individual proration unit plats for each well on the Unit would not be required.

This application was unopposed and the examiner recommends approval.

DISCUSSION OF EVIDENCE

The Allred Unit consists of 626.99 acres. Southwestern is under contractual obligation to have an 80 acre proration unit for one of the wells on the Unit. With fourteen wells on the Unit, there is sufficient acreage to drill another well under the field rules which provide for 640/optional 40 acre density. Southwestern does not intend to further develop the Unit, but proposes to have thirteen wells with 40 acres each and one well with 80 acres.

If the contractual obligation to assign 80 acres to No. 1-2 on the Unit is honored, it is not possible to draw contiguous 40 acre proration units for the other thirteen wells. There is sufficient acreage on the Unit, but the outline of the Unit is such that all thirteen 40 acre proration units cannot contain contiguous acreage as required by Rule 39. Southwestern can draw twelve 40 proration units which have continuous acreage. The proration unit for the No. 1-14 well would have to consist of two non-contiguous tracts containing 22.4 acres and 17.6 acres.

Southwestern requests that the requirement for filing individual proration unit plats on the Unit be eliminated by treating the Unit as an entity for density purposes. This designation would also eliminate the need for numerous maximum diagonal exceptions for oddly shaped proration units. All wells on the Unit would be required to meet Rule 37 requirements for lease line and between-well spacing.

All of the acreage on the Unit is productive as demonstrated by the presence of producing wells completely surrounding the Unit. The requested relief will not harm correlative rights because the field is AOF status and there would be no violation of the density rule for the field. The relief would allow all wells on the Unit to produce, while still meeting contractual obligations for the two 80 acre tracts on the Unit.

FINDINGS OF FACT

1. Notice of this hearing was given to all affected persons at least ten days prior to the date of hearing and no protests were received.
2. The Allred Unit consists of 626.99 acres in the Overton (Cotton Valley Sand) Field.
3. Southwestern Energy Prod. Co. is under contractual obligation to assign 80 acres to Well No. 1-2 on the Allred Unit.
4. There is sufficient acreage on the Allred Unit to assign 40 acres each to thirteen wells and 80 acres to one well. However, the outline of the Unit is such that all thirteen 40 acre proration units cannot contain contiguous acreage as required by Rule 39.
5. Designation of the Allred Unit as an entity for density purposed in the Overton (Cotton Valley Sand) Field will eliminate the requirement for filing individual proration unit plats on the Unit.
6. All of the acreage on the Unit is productive as demonstrated by the presence of producing wells completely surrounding the Unit.

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 subject application for will not harm correlative rights and will not cause waste.

RECOMMENDATION

Based on the above findings and conclusions of law, the examiner recommends that the Commission designate the Allred Unit in the Overton (Cotton Valley Sand) Field as an entity for density purposes only such that wells on the Unit must still meet the requirements of Rule 37 regarding lease line and between-well spacing. Individual proration unit plats are not required for wells on this Unit.

Respectfully submitted,

Donna K. Chandler
Technical Examiner