

**THE APPLICATION OF CHESAPEAKE OPERATING INC. TO CONSIDER NEW FIELD DESIGNATION AND A TWO FACTOR ALLOCATION FORMULA FOR THE (PROPOSED) MARIMBA (MIDDLE WILCOX) FIELD, JASPER COUNTY, TEXAS**

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**Heard by:** Andres J. Trevino, P.E. on May 21, 2009

**Appearances:**

Bill Spencer  
Cary McGregor

**Representing:**

Chesapeake Operating Inc.

**EXAMINER'S REPORT AND RECOMMENDATION**

**STATEMENT OF THE CASE**

Chesapeake Operating Inc. requests that a new field designation called the Marimba (Middle Wilcox) Field be approved for its BP America A-303 Well No. 1. Chesapeake also requests that the following rules be adopted for the Marimba (Middle Wilcox) Field:

1. Designation of the field as the correlative interval from 11,894 feet to 12,501 feet as shown on the log of the BP America A-303 No. 1;
2. Allocation based on 95% deliverability and 5% per well.

Chesapeake further requests suspension of the allocation formula as it has 100% market demand for its gas. There were no protests to this application and the examiner recommends approval of the new field designation, field rules and suspension of the allocation formula.

**DISCUSSION OF EVIDENCE**

Chesapeake Operating Inc. completed its BP America A-303 Well No. 1 in January 2009. The well was completed with three sets of perforations in the Middle Wilcox between 12,388 feet and 12,498 feet. On initial test, the well produced at a rate of 2,043 MCFD gas and 148 BC with a flowing tubing pressure of 369 psi. The well required large fracture stimulations of 500,000 lbs of sintered bauxite over the three sets of perforations to produce the well.

The new field designation should be approved for the BP America A-303 No. 1. The nearest production is approximately 650 feet to the north in the Big Cypress Creek Field at a depth of 9,430 feet. There is no comparable production within a 2 ½ mile radius of the No.1 well. All wells within the 2 ½ mile radius had TDs less than 10,300 feet. Additionally, the BP America A-303 No. 1 encountered virgin over pressure of over 8,640 psig at a depth of 12,450 feet (.7psi/ft pressure gradient).

Chesapeake requests that the entire correlative interval between 11,894 feet to 12,501 feet in the BP America A-303 No. 1 be considered a single field. This interval includes several sands within the Middle Wilcox. Separate completions in the intervals would not be commercial.

State statutes require that a two factor allocation formula be adopted for the proposed field designation to be considered a single field. Chesapeake requests that allocation be based on 95% deliverability and 5% per well for the field. Chesapeake further requests suspension of the allocation formula as it has 100% market demand for its gas.

#### **FINDINGS OF FACT**

1. Notice of this hearing was given to all persons entitled to notice at least ten days prior to the date of hearing.
2. Chesapeake Operating Inc. completed its BP America A-303 No. 1 in October 2007 with three sets of perforations in the Middle Wilcox between 15,099 feet and 15,578 feet. On initial test, the well produced at a rate of 505 MCFD dry gas.
3. The BP America A-303 No. 1 is entitled to a new field designation because there is no comparable production within a 2½ mile radius of the subject well.
4. The entire correlative interval from 11,894 feet to 12,501 feet as shown on the Gamma Ray Log of the BP America A-303 Well No. 1 should be designated as the Marimba (Middle Wilcox) Field.
5. Allocation based on 95% deliverability and 5% per well will protect correlative rights and meets statutory requirements for combining multiple productive zones into a single field.
6. Chesapeake has a 100% market demand for its gas.

**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 requested new field designation and adoption of field rules will prevent waste, protect correlative rights and promote the orderly development of the field.

**RECOMMENDATION**

Based on the above findings and conclusions of law, the examiner recommends approval of the new field designation, adoption of field rules and suspension of the allocation formula for the Marimba (Middle Wilcox) Field.

Respectfully submitted,

Andres J. Trevino, P.E.  
Technical Examiner