

**THE APPLICATION OF CHAPARRAL ENERGY, LLC TO CONSIDER A NEW FIELD DESIGNATION AND TO ADOPT FIELD RULES FOR THE PROPOSED SIVELLS BEND (ELLENBERGER) FIELD AND TO AMEND AND RENUMBER THE FIELD RULES FOR THE SIVELLS BEND FIELD, COOKE COUNTY, TEXAS**

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

**DATE OF HEARING:** March 29, 2011

**APPEARANCES:**

**REPRESENTING:**

**APPLICANT:**

John Soule  
Kirk Malinowsky  
Don Barrett

Chaparral Energy, LLC

**EXAMINER'S REPORT AND RECOMMENDATION**

**STATEMENT OF THE CASE**

Chaparral Energy, LLC ("Chaparral") requests that a new field designation called the Sivells Bend (Ellenberger) Field be approved for its Starnes Trust Unit, Well No. 1. Chaparral proposes that the following field rules be adopted for the new field:

1. Designation of the field as the correlative interval from 8,685 feet to 9,200 feet as shown on the log for the Chaparral Energy, LLC - Starnes Trust Unit, Well No. 1 (API No. 42-097-34180), Cooke County, Texas;
2. 467'-933' well spacing;
3. 40 acre oil units;
4. Allocation based on 50% potential and 50% per well with a per well MER Allowable of 350 BOPD.

Field Rules for the Sivells Bend Field were adopted in Final Order No. 9-8,984, effective April 29, 1946. The Field Rules are summarized as follows:

1. 467'-933' well spacing;

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2. Surface casing requirement;
3. 40 acre oil units;
4. Allocation based on 50% acreage and 50% per well.

Chaparral also requests that the Field Rules for the Sivells Bend Field be amended and renumbered as follows:

1. Designation of the field as the correlative interval from 5,230 feet to 7,500 feet as shown on the log for the Chaparral Energy, LLC - Starnes Trust Unit, Well No. 1 (API No. 42-097-34180), Cooke County, Texas;
2. 467'-933' well spacing;
3. 40 acre oil units;
4. Allocation based on 50% acreage and 50% per well.

There were no protests to this application and the examiner recommends approval of the new field designation and Field Rules for the Sivells Bend (Ellenberger) Field. The examiner also recommends that the Field Rules for the Sivells Bend Field be amended and renumbered.

### **DISCUSSION OF EVIDENCE**

#### **Sivells Bend (Ellenberger) Field**

Chaparral completed its Starnes Trust Unit, Well No. 1, in September 2010 with perforations in the Ellenberger formation between 8,952 feet to 8,966 feet. On initial test, the well produced flowing at a maximum rate of 251 BOPD, 65 MCFGPD and 0 BWPD. Since the initial completion of Well No. 1, Chaparral has drilled and completed four additional Ellenberger wells. Chaparral is the only operator in the field.

Chaparral requests that the correlative interval from 8,685 feet to 9,200 feet as shown on the log for the Chaparral Energy, LLC - Starnes Trust Unit, Well No. 1 (API No. 42-097-34180), J. McKerley Survey, A-639, Cooke County, Texas, be designated as the Sivells Bend (Ellenberger) Field. This interval includes the productive portion of the Ellenberger formation. The nearest comparable Ellenberger production is approximately 3.5 miles to the southeast in the Sivells Bend, E. (Arbuckle) Field. A new field designation should be approved for the Starnes Trust Unit, Well No. 1.

Chaparral submitted a daily production graph for one of the new Ellenberger wells, the Sizelove Lease, Well No. 1. The well was tested during February and March 2011 on various choke sizes from 6/64" to 18/64". The oil rate ranged from 423 BOPD to 688

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BOPD and the gas-oil ratio and water cut remained constant at 200 cubic feet per barrel and 20%, respectively. Chaparral opined that a per well MER Allowable of 350 BOPD would be appropriate, as the test data did not show any rate sensitivity.

For consistency, Chaparral proposes the same spacing and density rules for the new field that exist in the shallower Strawn formation Sivells Bend Field. Chaparral requests 467'-933' well spacing and 40 acre oil units. Since the Ellenberger formation is highly lenticular and heterogeneous, acreage does not determine a well's reserves. Chaparral also requests that a two factor allocation formula based on 50% potential and 50% per well be adopted for the field.

### **Sivells Bend Field**

The Sivells Bend Field was discovered in November 1944 at an average depth of 6,900 feet. There are 61 producing oil wells and four operators carried on the proration schedule. Cumulative production from the field through December 2010 is approximately 36.8 MMBO and 4.9 BCFG.

Chaparral requests that the correlative interval from 5,230 feet to 7,500 feet as shown on the log for the Chaparral Energy, LLC - Starnes Trust Unit, Well No. 1 (API No. 42-097-34180), J. McKerley Survey, A-639, Cooke County, Texas, be designated as the Sivells Bend Field. This interval includes the entire Strawn geologic interval.

### **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. Chaparral completed its Starnes Trust Unit, Well No. 1, in September 2010 with perforations in the Ellenberger formation between 8,952 feet to 8,966 feet. On initial test, the well produced flowing at a maximum rate of 251 BOPD, 65 MCFGPD and 0 BWPD.
3. The Starnes Trust Unit, Well No. 1, is entitled to a new field designation. The nearest comparable Ellenberger production is approximately 3.5 miles to the southeast in the Sivells Bend, E. (Arbuckle) Field.
4. The correlative interval from 8,685 feet to 9,200 feet as shown on the log for the Chaparral Energy, LLC - Starnes Trust Unit, Well No. 1 (API No. 42-097-34180), J. McKerley Survey, A-639, Cooke County, Texas, should be designated as the Sivells Bend (Ellenberger) Field. This interval includes the productive portion of the Ellenberger formation.
5. The correlative interval from 5,230 feet to 7,500 feet as shown on the log for the Chaparral Energy, LLC - Starnes Trust Unit, Well No. 1 (API No. 42-097-

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34180), J. McKerley Survey, A-639, Cooke County, Texas, should be designated as the Sivells Bend Field. This interval includes the entire Strawn geologic interval.

6. Well spacing of 467'-933' and 40 acre oil units is appropriate for the Sivells Bend (Ellenberger) Field and will provide consistency for drilling wells with the same spacing and density rules that exist in the shallower Strawn formation Sivells Bend Field.
7. Since the Ellenberger wells do not have any rate sensitivity, a 350 BOPD MER Allowable is appropriate for the field.
8. Allocation based on 50% potential and 50% per well is a reasonable formula which will protect the correlative rights of mineral owners in the field.

### **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 for the Sivells Bend (Ellenberger) Field and amending and renumbering the Field Rules for the Sivells Bend Field will prevent waste, protect correlative rights and promote the orderly development of the fields.

### **RECOMMENDATION**

Based on the above findings of fact and conclusions of law, the examiner recommends that the Commission approve the new field designation and adopt Field Rules for the Sivells Bend (Ellenberger) Field and amend and renumber the Field Rules for the Sivells Bend Field, as requested by Chaparral Energy, LLC.

Respectfully submitted,

Richard D. Atkins, P.E.  
Technical Examiner