

THE APPLICATION OF W. DALE MORRIS, INC. TO CONSIDER AN EXCEPTION TO STATEWIDE RULE 11 FOR THE ZUNIGA GAS UNIT WELL NO. 1, PAWNEE (EDWARDS) FIELD, BEE COUNTY, TEXAS

HEARD BY: Donna K. Chandler on June 1, 2006

APPEARANCES:

Applicant:

Dale Miller

George Neale

Representing:

W. Dale Morris, Inc.

Pioneer Natural Resources USA, Inc.

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

W. Dale Morris, Inc. requests an exception to Statewide Rule 11 for its Zuniga Gas Unit Well No. 1 in the Pawnee (Edwards) Field. Morris requests that it not be required to run a directional survey from 14,692 feet to total depth of 15,534 feet.

This application was unopposed and the examiner recommends approval of the requested exception to Statewide Rule 11.

DISCUSSION OF THE EVIDENCE

Field rules for the Pawnee (Edwards) Field require a minimum of 330 feet from lease lines. The Zuniga Gas Unit Well No. 1 was issued a regular drilling permit on February 14, 2005 for the Pawnee (Edwards) Field. The permitted penetration point for the well was 475 feet FSWL and 2,288 feet FSEL of the 505 acre lease. The permitted bottomhole location for the well was 541 feet FNEL and 3,850 feet FNWL of the lease.

The bottomhole temperature in this reservoir is 330 degrees F. At the high temperatures in the wellbore, the directional tools deteriorated such that the last measurement was at 14,692 feet MD. At this depth, the distances to the nearest lease lines of the bottomhole location are 1,463 feet FSWL and 2,360 feet FNWL of the 640 acre lease.¹

¹ The pooled unit for the well was re-configured from the time of the original permit.

Statewide Rule 11(c)(2)(B) requires that "All directional surveys...shall be either single shot surveys or multi-shot surveys with the shot points not more than 200 feet apart...". After the last survey point at 14,692 feet MD, the well was drilled an additional 842 feet with no additional survey points. Assuming the wellbore continues to total depth at the same orientation, the calculated bottomhole location would be 2,022 feet FSWL and 1,786 feet FNWL of the lease, which is a regular location for the field. Under the worst possible condition (in which the wellbore turns back 180 degrees from the last multi-shot survey, back toward the penetration point), the distance to the nearest lease line would be 620 feet. Morris has obtained an amended drilling permit for calculated bottomhole location. The penetration point is also slightly different than originally permitted. The distances to nearest lease lines for the penetration point are 615 feet FSWL and 2,506 feet FSEL.

FINDINGS OF FACT

1. Notice of this hearing was given to all persons entitled to notice at least ten (10) days prior to the hearing.
2. On February 14, 2005, a regular drilling permit was issued for directional drilling of the Zuniga Gas Unit No. 1 for the Pawnee (Edwards) Field.
 - a. Field rules for the subject field require a minimum of 330 feet to all lease lines.
 - b. The permitted penetration point for the well was 475 feet FSWL and 2,288 feet FSEL of the 505 acre lease. The permitted bottomhole location for the well was 541 feet FNEL and 3,850 feet FNWL of the lease.
3. From 14,692 feet MD to total depth of 15,534 feet MD, no survey was made in the wellbore due to repeated failure of the multi-shot survey tool. The tool failed as a result of the high reservoir temperature.
4. The entire as-drilled wellbore is regular to all lease lines.
 - a. The calculated bottomhole location, based on extrapolation of the wellbore assuming the same orientation, is 2,022 feet FSWL and 1,786 feet FNWL of the lease.
 - b. The distances to nearest lease lines for the penetration point is 615 feet FSWL and 2,506 feet FSEL.
 - c. Assuming the worst case scenario, the terminus of the wellbore could be no closer than 620 feet to the nearest lease line.

5. W. Dale Morris, Inc. has obtained a regular drilling permit for the bottomhole location of the wellbore at 2,022 feet FSWL and 1,786 feet FNWL of the lease.

CONCLUSIONS OF LAW

1. Proper notice was timely given to all parties entitled to notice pursuant to applicable statutes and rules.
2. All things have occurred and have been accomplished to give the Commission jurisdiction in this case.
3. Approval of the requested exception to Rule 11 for the Zuniga Gas Unit No. 1 will not cause waste or harm correlative rights.

EXAMINER'S RECOMMENDATION

It is recommended that W. Dale Morris, Inc. be granted an exception to Rule 11(c)(2)(B) for its Zuniga Gas Unit No. 1 such that a multi-shot survey is not necessary for the last 842 feet of the wellbore. The directional data is sufficient for assignment of a lease number and allowable to the well, assuming all other required completion papers have been properly filed.

Respectfully submitted;

Donna K. Chandler
Technical Examiner