

THE APPLICATION OF BURLINGTON RESOURCES O & G CO., L.P. TO DETERMINE UNDER STATEWIDE RULE 11(C)(1)(A) THAT THE COMPLETION LOCATION OF THE T-BAR-X/SHAW LEASE WELL No. 1, SAVELL (BOSSIER SAND) FIELD, ROBERTSON COUNTY, TEXAS IS REASONABLE AS DRILLED UNDER ITS EXISTING PERMIT (PERMIT NO. 618739).

Heard by: Andres J. Trevino, P.E. on January 29, 2009

APPEARANCES:

Jamie Nielson
Greg Cloud

Lionel Milberger
Dorothy Milberger

REPRESENTING:

Burlington Resources O & G Co. L.P.

Themselves

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Burlington Resources O & G Co. L.P. seeks a determination pursuant to Statewide Rule 11(c)(1)(A) that the as drilled wellbore location for its T-Bar-X/Shaw Lease, Well No. 1, Savell (Bossier Sand) Field, Robertson County is reasonable under the well's existing drilling permit. The minimum lease line spacing requirement is 467 feet. The subject well was permitted at a regular location 541 feet from the north line and 510 feet from the east line of Burlington's T-Bar-X/Shaw Lease to a depth of 15,000 feet under permit No. 618739 issued on May 5, 2006. Lionel and Dorothy Milberger attempted to protest the hearing, it was determined they were not an affected party and therefore did not have standing as their land was outside the wellsite's affected boundary.

DISCUSSION OF EVIDENCE

The T-Bar-X/Shaw Lease, Well No. 1 was drilled as a vertical well with no intentional deviation of the well to a depth of 13,951 feet. The well was plugged-back to a depth of 13,876 feet. The well was cased and completed on July 9, 2006 into the Savell (Bossier Sand) Field. On July 18, 2006 a directional survey was run to a depth of 13,360 feet. Burlington was unable to survey the well below 13,360 as a bailer run indicated there was green cement in the well at 13,365 feet which did not allow the survey gyro to log below that depth.

OIL AND GAS DOCKET NO. 05-0260477

The directional survey was submitted to the Commission that showed the bottomhole location at 13,360 feet for the well was 275 feet from the north lease line and 648 feet from the east lease line. The directional survey showed inclination angles between 1.0 to 2.0 degrees down thru 13,000 feet. At a depth of 13,100 feet the angle increased to 2.5 and as high as 4.0 degrees at 13,360 feet.

Burlington received a letter dated September 25, 2008, from the Commission requesting them to file an exception to Statewide Rule 37 as the directional survey shows the bottom-hole location is 270 feet from the north lease line. Burlington decided to seek a determination pursuant to Statewide Rule 11(c)(1)(A) that the as drilled wellbore location is reasonable and substantially compliant with their original permit rather than file an exception to Rule 37.

An inclination report was prepared based on the directional survey. At 13,951 feet the inclination survey record indicated an inclination of 1.5 degrees. At 13,485 feet, the top of the Savell (Bossier Sand) (the pay zone) the bottomhole location is calculated to be 273 feet from the north lease line and 649 feet from the east lease line. At 13,745 feet, the bottom of the pay zone, the bottomhole location is calculated at 267 feet from the north lease line and 652 feet from the east lease line. With 342.5 feet total displacement at a measured depth of 13,951 feet, it is calculated that the well is deviated from vertical 1.4 degrees. As there is no true vertical well it is an accepted standard that a well drilled with 3 to 5 degrees of maximum deviation is considered a vertical well. The bottom hole location is within 1.4 degrees from vertical in the T-Bar-X/Shaw Lease, Well No. 1.

Statewide Rule 11(c)(1)(A) provides:

“.....When such directional survey shows the well to be bottomed within the confines of the lease, but nearer to a well or lease line or pooled unit boundary than allowed by applicable rules, or by the permit for the well if the well has been granted an exception to §§3.37 of this title (relating to Statewide Spacing Rule), a new permit will be required if it is established that the bottom hole location or completion location is not a reasonable location.

The examiner is of the opinion that the T-Bar-X/Shaw Lease, Well No. 1 as-drilled bottom hole location is reasonable and the well is in substantial compliance with the original permit. The deviation of the wellbore is normal and within limits of a vertical well.

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. The Savell (Bossier Sand) Field is subject to lease line spacing requirements of 467 feet and between well spacing requirements of 1,200 feet.

OIL AND GAS DOCKET NO. 05-0260477

3. The T-Bar-X/Shaw Lease, Well No. 1 was permitted as a vertical well at a regular location 541 feet from the north lease line and 510 feet from the east line of the lease to a depth of 15,000 feet in the Savell (Bossier Sand) Field.
4. The well was drilled as a vertical well with no intentional deviation of the well to a depth of 13,951 feet. The well was plugged-back to a depth of 13,876 feet. The well was cased and completed on July 9, 2006 into the Savell (Bossier Sand) Field.
5. On July 18, 2006 a directional survey was ran to a depth of 13,360 feet. Burlington was unable to survey the well below 13,360 as a bailer run indicated there was green cement in the well at 13,365 feet which did not allow the survey gyro to log below that depth.
6. A directional survey was submitted to the Commission that showed the bottomhole location at 13,360 feet for the well was 275 feet from the north lease line and 648 feet from the east lease line. The directional survey showed inclination angles between 1.0 to 2.0 degrees down thru 13,000 feet. At a depth of 13,100 feet the angle increased to 2.5 and as high as 4.0 degrees at 13,360 feet.
7. Burlington received a letter dated September 25, 2008, from the Commission requesting them to file an exception to Statewide Rule 37 as the directional survey shows the bottom-hole location is 270 feet from the north lease line. Burlington decided to seek a determination pursuant to Statewide Rule 11(c)(1)(A) that the as drilled wellbore location is reasonable and substantially compliant with their original permit rather than file an exception to Rule 37.
8. An inclination report was prepared based on the directional survey.
 - a. At 13,951 feet the inclination survey record indicated an inclination of 1.5 degrees.
 - b. At 13,485 feet, the top of the Savell (Bossier Sand) (the pay zone) the bottomhole location is calculated to be 273 feet from the north lease line and 649 feet from the east lease line.
 - c. At 13,745 feet, the bottom of the pay zone, the bottomhole location is calculated at 267 feet from the north lease line and 652 feet from the east lease line.
9. With 342.5 feet total displacement at a measured depth of 13,951 feet, it is calculated that the well is deviated from vertical 1.4 degrees. As there is no true vertical well it is an accepted standard that a well drilled with 3 to 5 degrees of maximum deviation is considered a vertical well.

OIL AND GAS DOCKET NO. 05-0260477

CONCLUSIONS OF LAW

1. Proper notice of hearing was timely issued by the Railroad Commission to appropriate persons legally entitled to notice.
2. All things necessary to the Commission attaining jurisdiction over the subject matter and the parties in this hearing have been performed.
3. Burlington Resources O & G Co. L.P., drilled the T-Bar-X/Shaw Lease, Well No. 1, Savell (Bossier Sand) Field, Robertson County, Texas, as nearly vertical as possible by normal, prudent, practical drilling operations within the meaning of Statewide Rule 11(a) [Tex. R.R. Comm'n, 16 TEX. ADMIN. CODE §3.11(a)]
4. The completion interval and bottom hole location of the T-Bar-X/Shaw Lease, Well No. 1 are reasonable within the meaning of Statewide Rule 11(c)(1)(A) [Tex. R.R. Comm'n, 16 TEX. ADMIN. CODE §3.11(c)(1)(A)] and a new permit for the well is not required.
5. The T-Bar-X/Shaw Lease, Well No. 1 is entitled to an allowable.

EXAMINERS' RECOMMENDATION

Based on the above findings and conclusions, the examiners recommend that a Final Order be entered by the Commission finding that the as-drilled location of the T-Bar-X/Shaw Lease, Well No. 1 is reasonable and in compliance with Statewide Rule 11.

Respectfully submitted,

Andres J. Trevino, P.E.
Technical Examiner