

November 8, 2007

**OIL & GAS DOCKET NO. 8A-0253476**

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**APPLICATION OF FOREST OIL CORPORATION TO CONSIDER AN MER FOR THE CATON LEASE WELLS NO. 4 AND 5 IN THE TEX-MEX, SE (WICHITA ALBANY) FIELD, GAINES COUNTY, TEXAS**

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**HEARD BY:** Thomas H. Richter, P.E.

**DATE OF HEARING:** November 6, 2007

**APPEARANCES:**

Doug Dashiell, attorney  
Mimi Winetroub

**REPRESENTING**

Forest Oil Corporation

**EXAMINER'S REPORT AND RECOMMENDATION**  
**STATEMENT OF THE CASE**

This is the untested application of Forest Oil Corporation for Commission consideration for the Caton Lease Wells No. 4 and 5 for an MER of 115 BOPD per well. It is also proposed that all oil production in excess of the assigned allowable be canceled effective the date of the Order. The examiner recommends approval.

**DISCUSSION OF THE EVIDENCE**

The Tex-Mex, SE (Wichita Albany) Field was discovered in 1983 at 7,498' subsurface depth. The field is governed by Special Field Rules that provide for a 100% acreage allocation formula and the top allowable is 198 BOPD for a well completed on 80 acres. This is a multi-operator field and over 100 wells.

The Forest Oil - Caton Lease has five wells of which 4 are producing wells and one water injection well. The lease has been approved for secondary recovery operations. The subject two wells are located in the northern portion of the lease and do not at this time appear to be affected by the secondary recovery project. The older wells (Wells No. 1 & 2) and the water injection wells (Well No. 3) are located in the southern portion. The subject wells are assigned 40 acres each (160 acre lease and 4 wells). The Caton Lease Well No. 4 was completed April 20, 2007 through perforations from 7,360' to 7,498' subsurface depth. The well potentialized at 247 BOPD, 154 MCFD and 69 BWPD. The producing gas-oil ratio was 623:1. The well produces using artificial lift. The Caton Lease Well No. 5 was completed August 11, 2007 through perforations from 7,276' to 7,557' subsurface depth. The well potentialized at 105 BOPD, 89 MCFD and 104 BWPD. The producing gas-oil ratio was 847:1. The well produces using artificial lift though initially it commenced

production as a flowing well.

An MER of 115 BOPD per well will not result in reduction of the ultimate recovery of reserves. Reservoir energy will not be adversely affected. The wells were tested at different rates by changing pump rate and/or stroke length. The past production history of both wells indicate a stable oil, gas and water production rate. The wells were tested at three different rates. The gas-oil ratio rates remained below 1200:1. The highest average oil production rate was 114 BOPD.

The Examiner notes that the assignment of 80 acres or 40 acres to a well and the subsequent designated top allowable of 198 or 99 BOPD is not based on testing but a calculation of the field rules based on the number of acres assigned. The MER testing indicates that the proposed MER allowable will not adversely effect the reservoir energy.

It is proposed that the oil produced in excess of the assigned allowable on the Caton lease (65491) be canceled.

#### **FINDINGS OF FACT**

1. Notice of this application was given to all persons entitled to notice at least ten (10) days prior to the hearing.
2. There was no protest of the application.
3. The Tex-Mex, SE (Wichita Albany) Field was discovered in 1983 at 7,498' subsurface depth. The field is governed by Special Field Rules that provide for a 100% acreage allocation formula and the top allowable is 198 BOPD for a well completed on 80 acres.
4. The Forest Oil, Caton Lease Well No. 4 was completed April 20, 2007 through perforations from 7,360' to 7,498' subsurface depth.
  - a. The well potentialled at 247 BOPD, 154 MCFD and 69 BWPD with a producing gas-oil ratio was 623:1.
  - b. The well produces using artificial lift.
5. The Forest Oil, Caton Lease Well No. 5 was completed August 11, 2007 through perforations from 7,276' to 7,557' subsurface depth.
  - a. The well potentialled at 105 BOPD, 89 MCFD and 104 BWPD and a producing gas-oil ratio was 847:1.
  - b. The well produces using artificial lift though initially it commenced production as a flowing well.

6. An MER of 115 BOPD per well will not result in reduction of the ultimate recovery of reserves.
  - a. Reservoir energy will not be adversely affected.
  - b. The wells were tested at different rates by changing pump rate and/or stroke length and were tested at three different rates.
  - c. The gas-oil ratio rates remained below 1200:1 and the highest average oil production rate was 114 BOPD.
7. Canceling the overproduction on the Caton lease (65491) will not harm correlative rights.

**CONCLUSIONS OF LAW**

1. Notice of this hearing was provided in accordance with all applicable regulatory statutes and rules.
2. All things have occurred or been accomplished to afford the Commission the jurisdiction to consider and decide this matter.
3. Consideration and approval of this application is a matter properly within the jurisdiction of the Commission to foster conservation and prevent waste.
4. Approval of the proposed application of Forest Oil Corporation for an MER for the Caton Lease Wells No. 4 and 5 will not harm correlative rights nor cause waste.
5. Cancellation of the oil production in excess of the assigned allowable will not harm correlative rights.

**EXAMINERS' RECOMMENDATION**

It is recommended that the application of Forest Oil Corporation for an MER for the Caton Lease Wells No. 4 and 5 be approved. It is further recommended that the oil produced in excess of the assigned allowable for the Caton lease (65491) be canceled.

Respectfully submitted,

Thomas H. Richter, P.E.  
Technical Examiner  
Office of General Counsel