

OIL AND GAS DOCKET NO. 06-0256612

THE APPLICATION OF ENCANA OIL & GAS (USA) INC. TO CONSOLIDATE THE RAINTREE (PETTIT) AND RAINTREE (HOSSTON) FIELDS INTO THE RAINTREE (TRAVIS PEAK CONS.) FIELD AND ADOPT FIELD RULES FOR THE RAINTREE (TRAVIS PEAK CONS.) FIELD, ANGELINA, CHEROKEE AND NACOGDOCHES COUNTIES, TEXAS

Heard by: Richard D. Atkins, P.E.

Date of Hearing: May 9, 2008

Appearances:

Rick Johnston

Representing:

EnCana Oil & Gas (USA) Inc.

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

EnCana Oil & Gas (USA) Inc. requests to consolidate the Raintree (Pettit) and Raintree (Hosston) into a new field to be known as the Raintree (Travis Peak Cons.) Field. The fields proposed for consolidation are as follows:

<u>FIELD NAME</u>	<u>FIELD NUMBER</u>
Raintree (Hosston)	74265 500
Raintree (Pettit)	74265 600

EnCana requests that the following rules be adopted for the new field:

1. Designation of the field as the entire correlative interval from 9,861 feet to 13,390 feet, as shown on the log of the P. G. Crossman Well No. 1, API # 42-005-30026;
2. 467'-660' well spacing;
3. 40 acre gas units;
4. Allocation based on 95% deliverability and 5% per well and that the allocation formula be suspended.

This application was unopposed and the examiner recommends approval of EnCana's request for field consolidation and field rules.

DISCUSSION OF THE EVIDENCE

The Raintree (Hosston) Field was discovered in September 1979 and the Raintree (Pettit) Field was discovered in May 2007. Both fields currently operate under statewide rules of 467'/1,200' well spacing and 40 acre gas units. The fields are geographically intermingled and contain wells that are currently producing from commingled zones in the two different fields. The Hosston geologic term is another name for the Travis Peak geologic interval.

EnCana is proposing to consolidate the two fields into the Raintree (Travis Peak Cons.) Field. The proposed designated interval for the consolidated field is from 9,861 feet to 13,390 feet, as shown on the log of the P. G. Crossman Well No. 1, API # 42-005-30026. There are no other fields contained within the proposed correlative interval.

This interval includes numerous lenticular sands in the Pettit and Travis Peak formations which may be productive in future wells. Separate completions in each sand would not be commercial. In addition, there are many fields in Texas that have a designated correlative interval encompassing the Pettit and Travis Peak formations.

There are twenty one producing wells in the Raintree (Hosston) Field and EnCana operates twelve of those wells. The only other operator in the field is Goodrich Petroleum Company. Cumulative production through December 2007 is 6.7 BCFG and 9.9 MBC.

There is only one well listed on the proration schedule in the Raintree (Pettit) Field, the EnCana Mims Gas Unit Well No. 1. This well is commingled in the Pettit and Hosston zones and its production is reported in the Raintree (Hosston) Field. The Raintree (Pettit) Field has no reported production.

The proposed well spacing of 467'/660' and 40 acre density will allow for future development in the Raintree area. EnCana will be actively developing the Pettit and Travis Peak intervals by drilling infill wells and completing existing wells into additional zones.

State statutes require that a two factor allocation formula be adopted for the proposed field designation to be considered a single field. EnCana requests that allocation be based on 95% deliverability and 5% per well for the field.

FINDINGS OF FACT

1. Notice of this hearing was given to all persons entitled to notice and there were no protests.

2. The Raintree (Hosston) Field was discovered in September 1979 and the Raintree (Pettit) Field was discovered in May 2007. Both fields currently operate under statewide rules of 467'/1,200' well spacing and 40 acre gas units.
3. EnCana is proposing to consolidate the two fields into the Raintree (Travis Peak Cons.) Field.
4. The designated interval for the consolidated field is from 9,861 feet to 13,390 feet, as shown on the log of the P. G. Crossman Well No. 1, API # 42-005-30026.
5. The designated interval includes numerous lenticular sands in the Pettit and Travis Peak formations which may be productive in future wells. Separate completions in each sand would not be commercial.
6. Wells in the two Raintree Fields produce from the same correlative interval and contain wells that are currently producing from commingled zones in the two different fields.
7. The proposed well spacing of 467'/660' and 40 acre density will allow for future development in the Raintree area.
8. Suspension of the allocation formula in the consolidated field is appropriate because there is a market for any gas produced from the field.

CONCLUSIONS OF LAW

1. Proper notice of this hearing was given to all persons legally entitled to notice.
2. All things have occurred or been accomplished to give the Railroad Commission jurisdiction in this matter.
3. Consolidation of the fields as proposed by EnCana Oil & Gas (USA) Inc. is necessary to prevent waste and protect correlative rights.
4. The proposed field rules will prevent waste, protect correlative rights, and satisfy statutory requirements.

EXAMINER'S RECOMMENDATION

Based on the above findings of fact and conclusions of law, the examiner

recommends that the Commission consolidate the Raintree (Hosston) and Raintree (Pettit) Fields into the new field, the Raintree (Travis Peak Cons.) Field, adopt permanent field rules for the Raintree (Travis Peak Cons.) Field and that the allocation formula in the field be suspended.

Respectfully submitted,

Richard D. Atkins, P.E.
Technical Hearings Examiner