

April 16, 2007

**OIL AND GAS DOCKET NO. 08-0250637**

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**APPLICATION OF FOREST OIL CORPORATION TO CONSOLIDATE THE DIMMITT (CHERRY CANYON), DIMMITT, NORTHEAST (DELAWARE SD) AND DIMMITT (DELAWARE) FIELDS INTO THE PROPOSED DIMMITT (DELAWARE CONS) FIELD AND ADOPT FIELD RULES FOR THE DIMMITT (DELAWARE CONS) FIELD, LOVING COUNTY, TEXAS**

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

**DATE OF HEARING:** April 11, 2007

**APPEARANCES:**

Philip Whitworth, lawyer  
Sean Silver  
Victor Smith

**REPRESENTING:**

Forest Oil Corporation

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

This is the unprotested application of Forest Oil Corporation for the Commission to consider consolidating the Dimmitt (Cherry Canyon), Dimmitt (Delaware) and Dimmitt, Northeast (Delaware Sd) Fields into a new field designation to be known as the Dimmitt (Delaware Cons) Field. It is proposed that the following special field rules be adopted:

1. The entire combined correlative interval from 4,814' to 7,173' as shown on the Compensated Neutron Formation Density log of the Mobil Producing Texas & New Mexico (now Forest Oil Corp.), W.D. Johnson D Lease Well No. 1 (API No. 42-301-30246), Section 24, Blk 53, T-2, TN&P Survey, Loving County, Texas, should be designated as the Dimmitt (Delaware Cons) Field.
2. Minimum well spacing of 467'/933' (leaseline/between well);
3. 40 acre density with 20 acre tolerance and maximum diagonal of 2100'; and
4. An allocation formula based on 95% acreage and 5% W-10 potential.

The examiner recommends approval of the application.

**DISCUSSION OF THE EVIDENCE**

The Dimmitt (Cherry Canyon) Field was discovered in 1980 at 6,226' subsurface depth. The field is governed by Statewide Rules. This is a very large multi-operator field with over 160 wells. Cumulative production for the field is 9.8 MMBO and 27.7 BCF of gas.

The Dimmitt (Delaware) Field was discovered in 1957 at 4,608' subsurface depth. The field is governed by Statewide Rules. There are three operators in the field and 6 wells. Cumulative production for the field is 334 MBO and 632.9 MCF of gas.

The Dimmitt, Northeast (Delaware) Field was discovered in 1982 at 4,350' subsurface depth. The field is governed by Statewide Rules. There are six operators in the field and 40 wells. Cumulative production for the field is 1.654 MMBO and 4.8 BCF of gas.

Consolidation of the subject fields into the proposed Dimmitt (Delaware Cons) Field will provide for the recovery of reserves that otherwise would go unrecovered. The subject Canyon reservoirs overlie one another. These are mature reservoirs that are in the latter stages of pressure depletion. The sands are no longer stand alone reservoirs. The Bell Canyon is recognized by seven sand lenses. The Cherry Canyon is recognized by six sand lenses. There have been 51 wells that have been granted Rule 10 downhole commingling authority. Well completions in the consolidated section will allow for timely completions in those zones where sands are present which in effect lowers the economic producing limit for all the zones and will increase the ultimate recovery from each member. The entire combined correlative interval from 4,814' to 7,173' as shown on the Compensated Neutron Formation Density log of the Mobil Producing Texas & New Mexico (now Forest Oil Corp.), W.D. Johnson D Lease Well No. 1 (API No. 42-301-30246), Section 24, Blk 53, T-2, TN&P Survey, Loving County, Texas, should be designated as the Dimmitt (Delaware Cons) Field.

Forty (40) acre density is necessary to provide for the effective and efficient depletion of these multi-layered reservoirs. All of the reservoirs have been pressure depleted to less than 1,000 psi. The wells are produced using artificial lift. There has been no adverse effects of water compatibility. It is estimated that an additional 3,000 BO and 29 MMCF of gas may be recovered per well. Recoverable reserves are based on the number of productive horizons encountered in each wellbore.

Minimum well spacing of 467'/933' (leaseline/between well) will provide uniform flexibility in locating wells in the subject consolidated field.

A multi-factor allocation formula is necessary for the protection of correlative rights pursuant to State Statutes. The proposed two-factor allocation formula for oil wells based on 95% acreage and 5% W-10 well potential.

### **FINDINGS OF FACT**

1. Notice of this hearing was sent to all operators in the subject field at least ten (10) days prior to the subject hearing.
2. There was no protest at the call of the hearing.

3. The Dimmitt (Cherry Canyon) Field was discovered in 1980 at 6,226' subsurface depth.
  - a. The field is governed by Statewide Rules.
  - b. This is a very large multi-operator field with over 160 wells.
4. The Dimmitt (Delaware) Field was discovered in 1957 at 4,608' subsurface depth.
  - a. The field is governed by Statewide Rules.
  - b. There are three operators in the field and 6 wells.
5. The Dimmitt, Northeast (Delaware) Field was discovered in 1982 at 4,350' subsurface depth.
  - a. The field is governed by Statewide Rules.
  - b. There are six operators in the field and 40 wells.
4. Consolidation of the subject fields into the proposed Dimmitt (Delaware Cons) Field will provide for the recovery of reserves that otherwise would go unrecovered.
  - a. The subject Canyon reservoirs overlie one another and are mature reservoirs that are in the latter stages of pressure depletion.
  - b. The Bell Canyon is recognized by seven sand lenses and the Cherry Canyon is recognized by six sand lenses.
  - c. There have been 51 wells that have been granted Rule 10 downhole commingling authority.
6. The entire combined correlative interval from 4,814' to 7,173' as shown on the Compensated Neutron Formation Density log of the Mobil Producing Texas & New Mexico (now Forest Oil Corp.), W.D. Johnson D Lease Well No. 1 (API No. 42-301-30246), Section 24, Blk 53, T-2, TN&P Survey, Loving County, Texas, should be designated as the Dimmitt (Delaware Cons) Field.
7. Forty (40) acre density is necessary to provide for the effective and efficient depletion of these multi-layered reservoirs.
  - a. All of the reservoirs have been pressure depleted to less than 1,000 psi. The wells are produced using artificial lift.
  - b. An additional 3,000 BO and 29 MMCF of gas may be recovered per well as recoverable reserves are based on the number of productive horizons encountered in

each wellbore.

8. Minimum well spacing of 467'/933' (lease/line/between well) will provide uniform flexibility in locating wells in the subject consolidated field.
9. A multi-factor allocation formula is necessary for the protection of correlative rights pursuant to State Statutes. The proposed two-factor allocation formula for oil wells based on 95% acreage and 5% W-10 well potential.

#### **CONCLUSIONS OF LAW**

1. Proper notice was given to all parties as set out in the provisions of all applicable codes and regulatory statutes.
2. All things have occurred and been accomplished to give the Commission jurisdiction in this matter.
3. Consideration for consolidation of fields and field rules, a determination of the effectiveness of the rules and appropriate actions is a matter within the Commission jurisdiction.
4. Adoption of the proposed consolidation of fields and adoption of the proposed field rules will prevent waste, foster conservation and protect correlative rights.

#### **EXAMINER'S RECOMMENDATION**

Based on the above findings and conclusions of law, the examiner recommends approval of the proposed field consolidation and field rules for the Dimmitt (Delaware Cons) Field.

Respectfully submitted,

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