

**OIL AND GAS DOCKET NO. 01-0255292**

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**THE APPLICATION OF DIAMONDBACK OPERATING, LP TO CONSIDER PERMANENT FIELD RULES FOR THE COOL WATER RANCH (WLFC "A" COAL) FIELD, EDWARDS COUNTY, TEXAS**

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**Heard by:** Donna K. Chandler on February 28, 2008

**Appearances:**

Dale Miller  
Luis Aceves

**Representing:**

Diamondback Operating, LP

**EXAMINER'S REPORT AND RECOMMENDATION**

**STATEMENT OF THE CASE**

Diamondback Operating, LP requests that field rules be adopted for the Cool Water Ranch (Wlfc "A" Coal) Field. The proposed rules are summarized as follows:

1. Designation of the field as the correlative interval from 2,282 feet to 2,296 feet as shown on the log of the Loretta No.1;
2. 330'-660' well spacing;
3. 40 acre/optional 20 acre density;
4. Allocation based on 100% acreage.

This application was unopposed and the examiner recommends that the rules proposed by Diamondback Operating, LP be adopted on a permanent basis for the Cool Water Ranch (Wlfc "A" Coal) Field.

**DISCUSSION OF EVIDENCE**

The Cool Water Ranch (Wlfc "A" Coal) Field was discovered in 2004 at a depth of approximately 2,270 feet. The field is a coal bed methane field which is classified as non-associated with AOF status. Diamondback is the only operator in the field with seven producing wells and five shut-in wells. Cumulative production from the field is 948 MMCF of gas and current deliverabilities are 100-300 MCFD per well.

There is currently no defined field interval for the field. Diamondback requests that the field be defined as the correlative interval from 2,282 feet to 2,296 feet as shown on the Loretta No. 1.L. Justice No. 1. This interval includes the entire coal interval.

Diamondback requests that a density rule be adopted for the field which provides for 40/optional 20 acres. To determine gas-in-place for a coal methane reservoir, parameters such as ash density, weight fraction ash, and weight fraction moisture are used. Using volumetric calculations and 60% recovery, the recoverable gas beneath 40 acres is 264 MMCF. Diamondback estimated ultimate recoveries for all of the wells which have produced from the field. The ultimate recoveries range from less than 1,000 MCF to over 330 MMCF, with an average of 165 MMCF per well. One well, the Jenkins 62 No. 1 has produced almost 200 MMCF to date. The calculated drainage areas range from less than 1 acre to over 50 acres.

Diamondback requests a spacing rule that requires a minimum of 330 feet from lease lines and 660 feet between wells. This proposed spacing will accommodate 20 acre optional development.

**FINDINGS OF FACT**

1. Notice of this hearing was given to all persons entitled to notice and no protests were received.
2. The Cool Water Ranch (Wlfc "A" Coal) Field was discovered in 2004 at a depth of approximately 2,270 feet.
3. The field is a coal bed methane reservoir which currently has 12 wells. Diamondback is the only operator.
4. Cumulative production from the field is 948 MMCF.
5. The Cool Water Ranch (Wlfc "A" Coal) Field should be defined as the correlative interval from 2,282 feet to 2,296 feet as shown on the Loretta No. 1. This interval includes the entire coal interval.
6. Adoption of a 40 acre/20 acre optional density rule for the field is appropriate.
  - a. Using volumetric calculations and 60% recovery, the recoverable gas beneath 40 acres is 264 MMCF.
  - b. Ultimate recoveries for all of the wells which have produced from the field range from less than 1,000 MCF to over 330 MMCF, with an average of 165 MMCF per well.

- c. The Jenkins 62 No. 1 has produced almost 200 MMCF to date.
  - d. The calculated drainage areas range from less than 1 acre to over 50 acres.
- 7. A spacing rule providing for a minimum of 330 feet from lease lines and 660 feet between wells is standard spacing for 20 acre density.
  - 8. Allocation based on 100% acreage is a reasonable formula which will protect correlative rights and meet statutory requirements.

**CONCLUSIONS OF LAW**

- 1. Proper notice of this hearing was issued.
- 2. All things have been accomplished or have occurred to give the Commission jurisdiction in this matter.
- 3. Adoption of the proposed field rules for the Cool Water Ranch (Wlfc "A" Coal) Field is necessary to prevent waste, protect correlative rights and promote development of the field.

**RECOMMENDATION**

Based on the above findings and conclusions of law, the examiner recommends that the Commission adopt the field rules proposed by Diamondback Operating, LP for the Cool Water Ranch (Wlfc "A" Coal) Field.

Respectfully submitted,

Donna K. Chandler  
Technical Examiner