

February 14, 2006

OIL AND GAS DOCKET NO. 02-0245917

APPLICATION OF WHITING OIL AND GAS CORPORATION TO AMEND THE FIELD RULES FOR THE SPEARY (ROEDER 9100) FIELD, KARNES COUNTY, TEXAS

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

DATE OF HEARING: February 14, 2006

APPEARANCES:

Clark Jobe, attorney

David Klatt

REPRESENTING:

Whiting Oil and Gas Corp.

EXAMINER'S REPORT AND RECOMMENDATION
STATEMENT OF THE CASE

This is the unprotested application of Whiting Oil & Gas Corp. to amend the field rules as adopted in Order No. 2-50,549, effective November 27, 1962, as amended, for the Speary (Roeder 9100) Field that currently provide for the following:

1. Minimum well spacing of 467'/2640' (lease line/between well);
2. 640 acre gas proration units plus 10% tolerance and a maximum diagonal of 9,000';
3. An allocation formula based on 100% acreage.

Whiting Oil & Gas proposes the following:

1. The entire combined correlative interval from 9,068' to 9,645' as shown on the HD Induction/Compensated Z-Densilog/Compensated Neutron log of the Whiting Oil and Gas Corp., Elizabeth Lease Well No. 3, (API No. 42-255-31524), Karnes County, Texas, should be designated as the Speary (Roeder 9100) Field.
2. Minimum well spacing of 467'/933';
3. 640 acre gas proration units plus 10 acre tolerance and a maximum diagonal of 9,000' and optional 80 acre density and a maximum diagonal of 3,250'; and

4. An allocation formula based on 75% acreage and 25% deliverability and suspension of the allocation formula.

The examiner recommends approval of the application.

DISCUSSION OF THE EVIDENCE

The Speary (Roeder 9100) was discovered in 1962 and was designated as a Non-Associated reservoir from 9080' to 9125' as seen in the log of the H.D. Burns, Alexander Unit Well No. 1. Field rules were adopted pursuant to Order No. 2-50,549, effective November 27, 1962. The field was classified as "Salvage" by Order No. 2-58,808, effective October 1, 1968. Currently there are two operators in the field according to the February 2006 Commission Proration Schedule and three wells. Only one well is producing and has an assigned allowable of 55 MCFD. Whiting Oil & Gas has recently drilled and is completing three wells in the field.

The proposed interval represents five recognized Lower Wilcox sand members: the 1st Roeder 2nd Roeder, 3rd Roeder, Kawitt Sand and the Speary Sand. The sands are all slightly geopressed and gas analysis show similar chemical compositions. It is proposed that the entire combined correlative interval from 9,068' to 9,645' as shown on the HD Induction/Compensated Z-Densilog/Compensated Neutron log of the Whiting Oil and Gas Corp., Elizabeth Lease Well No. 3, (API No. 42-255-31524), Karnes County, Texas, should be designated as the Speary (Roeder 9100) Field.

Proration unit density of 640 acres and optional 80 acres is necessary to provide for the efficient and effective depletion of the reservoir. Volumetric analysis and production decline analysis were utilized to determine the drainage area of the five wells that have been completed in the field. The estimated ultimate recoveries range from 450 MMCF to 5.5 BCF of gas. Cumulative production ranges from 110.1 MMCF to 4.2 BCF of gas. The individual well drainage areas are respectively: 35; 56; 85; 88; and 395 acres.

The proposed minimum well spacing, 467'/933' (leaseline/between well) is the minimum well spacing necessary to allow flexibility in locating a well on an 80 acre unit. The Lower Wilcox in this area is complexly faulted. The proposed multi-factor allocation formula meets the statutory requirement for the combining of multiple lenticular reservoir members that are not in natural communication. Suspension of the allocation formula is warranted as Whiting states it has a market for 100% of its produced gas. The only other active well in the field has a deliverability of less than 100 MCFD and is thus exempt from proration requirements. In addition, the field has been classified as "salvage" since 1968.

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. Whiting Oil & Gas has standing as it has recently drilled and is

- completing three wells in the field.
2. There was no protest at the call of the hearing.
 3. The Speary (Roeder 9100) was discovered in 1962 and was designated as a Non-Associated reservoir from 9080' to 9125' as seen in the log of the H.D. Burns, Alexander Unit Well No. 1. Field rules were adopted pursuant to Order No. 2-50,549, effective November 27, 1962.
 - a. The field was classified as "Salvage" by Order No. 2-58,808, effective October 1, 1968.
 - b. Currently there are two operators in the field according to the February 2006 Commission Proration Schedule and three wells.
 4. The entire combined correlative interval from 9,068' to 9,645' as shown on the HD Induction/Compensated Z-Densilog/Compensated Neutron log of the Whiting Oil and Gas Corp., Elizabeth Lease Well No. 3, (API No. 42-255-31524), Karnes County, Texas, should be designated as the Speary (Roeder 9100) Field.
 - a. The proposed interval represents five recognized Lower Wilcox sand members: the 1st Roeder 2nd Roeder, 3rd Roeder, Kawitt Sand and the Speary Sand.
 5. Proration unit density of 640 acres and optional 80 acres is necessary to provide for the efficient and effective depletion of the reservoir.
 - a. Volumetric analysis and production decline analysis were utilized to determine the drainage area of the five wells that have been completed in the field.
 - b. The estimated ultimate recoveries range from 450 MMCF to 5.5 BCF of gas.
 - c. Cumulative production ranges from 110.1 MMCF to 4.2 BCF of gas.
 - d. The individual well drainage areas are respectively: 35; 56; 85; 88; and 395 acres.
 6. The proposed minimum well spacing, 467'/933' (leaseline/between well) is the minimum well spacing necessary to allow flexibility in locating a well on an 80 acre unit. The Lower Wilcox in this area is complexly faulted.
 7. The proposed multi-factor allocation formula meets the statutory requirement for the combining of multiple lenticular reservoir members that are not in natural communication.
 8. Suspension of the allocation formula is warranted as Whiting states it has a market for 100% of its produced gas. The only other active well in the field has a deliverability of less than 100 MCFD and is exempt from proration requirements. The field has been classified as

“salvage” since 1968.

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 field rules, a determination of their effectiveness and appropriate actions are a matter within the Commission jurisdiction.
4. Adoption of the proposed amended 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 amended field rules for the Speary (Roeder 9100) Field.

Respectfully submitted,

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