

THE APPLICATION OF ENDURING RESOURCES, LLC TO AMEND THE FIELD RULES FOR THE KAWITT (EDWARDS) FIELD, DEWITT AND KARNES COUNTIES, TEXAS

Heard by: Donna K. Chandler on December 20, 2007

Appearances:

Mike McElroy
Rick Johnston

Representing:

Enduring Resources, LLC

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Field rules for the Kawitt (Edwards) Field were adopted in Oil and Gas Docket No. 2-46,822, effective July 12, 1961 and amended in 1999 and 2005. The rules are summarized as follows:

1. Designation of the field as the correlative interval from 13,775 feet to 14,500 feet as shown on the log of the Ethleen Hubble No. 1;
2. 467'-933' well spacing; 100' minimum for distance to lease lines of penetration point and terminus of horizontal drainholes;
3. 640 acre gas units with optional 80 acre units; additional acreage assignment formula for horizontal drainholes;
4. allocation based on 100% acreage.

Enduring requests that the field rules be amended to provide for 330'-660' well spacing and optional 20 acre density. Enduring also requests elimination of a minimum spacing requirement between horizontal and vertical wells.

This application was unopposed and the examiner recommends that the field rules for the Kawitt (Edwards) Field be amended as proposed by Enduring Resources, LLC.

DISCUSSION OF EVIDENCE

The Kawitt (Edwards) Field was discovered in 1960 at a depth of approximately

13,800 feet. The field is a non-associated gas field with 3 operators and 13 wells carried on the proration schedule. Enduring has recently taken a farm-out from Whiting Oil and Gas Corporation and plans to further develop the field with horizontal wells.

In 1961, the Commission adopted field rules for the field which provided for 660'-2,640' well spacing and 640 acre density. In 1999, the rules were amended to provide for 467'-1,200' well spacing, optional 320 acre density, and special horizontal rules.

Cumulative production from the field is about 16.5 BCF of gas and 49 million BC. Current production from the field is approximately 100 MMCF per month.

Enduring provided drainage calculations for four wells in the field which demonstrate the need for optional 20 acre density. These four wells are vertical wells, some of which will have horizontal drainholes added. The Rhodes Trust No. 1 has 102 feet of pay and is expected to drain 15.2 acres. The Kawitt Gas Unit 1 No. 1 has 28 feet of pay and is expected to drain 75.6 acres. The Blackwell No. 1-H has 67 feet of pay and is expected to drain 50 acres. The Davila No. 1 has only 8.5 feet of pay. The calculated drainage area for this well is 112 acres.

Enduring is requesting well spacing consistent with 20 acre density, with the elimination of a minimum spacing requirement between horizontal and vertical wells. This will allow horizontal wells to be drilled in optimum locations without regard to existing vertical wellbores.

The rules requested by Enduring for the KaWitt (Edwards) Field are consistent with rules adopted for the Speary (Edwards) Field. A 20 acre optional density rule has also been adopted for the Word, N. (Edwards) Field.

FINDINGS OF FACT

1. Notice of this hearing was given to all persons entitled to notice and no protests were received.
2. The Kawitt (Edwards) Field was discovered in 1960 at a depth of approximately 13,800 feet. The field is a non-associated gas field with 3 operators and 13 wells on the current proration schedule.
3. Rules currently in effect for the field provide for 467'-933' well spacing, 640/optional 80 acre density, and special horizontal rules. The allocation formula is suspended.
4. Cumulative production from the field is about 16.5 BCF of gas and 49 million BC. Current production from the field is about 100 MMCF per month.
5. An optional 20 acre density rule is appropriate for the field.

- a. The Rhodes Trust No. 1 will drain 15.2 acres.
 - b. The Kawitt Gas Unit 1 No. 1 will drain 75 acres.
 - c. The Blackwell No. 1-H will drain 50 acres.
 - d. The Davila No. 1 will drain 112 acres.
 - e. Net pay in these four wells ranges from less than 10 feet to over 100 feet.
 - f. The Word, N. (Edwards) and Speary (Edwards) Fields are similar fields which already operate under optional 20 acre rules.
6. The requested 330'-660' well spacing is consistent with 20 acre density, and the elimination of a minimum distance requirement between vertical and horizontal wells will allow placement of horizontal wells at optimum locations without regard to existing vertical wellbores.

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. Amending the field rules for the Kawitt (Edwards) 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 amend the field rules for the Kawitt (Edwards) Field as proposed by Enduring Resources, LLC.

Respectfully submitted,

Donna K. Chandler
Technical Examiner