

**THE APPLICATION OF UNIT PETROLEUM COMPANY TO AMEND RULE NO. 2 FOR THE JAZZ (WILCOX DEEP) FIELD, POLK, HARDIN AND TYLER COUNTIES, TEXAS**

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**Heard by:** Andres J. Trevino, P.E. on March 6, 2008

**Appearances:**

Dale E. Miller

**Representing:**

Unit Petroleum Company

**EXAMINER'S REPORT AND RECOMMENDATION**

**STATEMENT OF THE CASE**

Unit Petroleum Company requests that Field Rule No. 2 for the Jazz (Wilcox Deep) Field be amended. The rule currently in effect for the field provide for a 467'-1,200' well spacing. This rule was adopted effective May 16, 2006 in Final Order No. 03-0246791. Unit Petroleum proposes the following Rule No. 2 for the field:

2. 467'-660' well spacing;

The allocation formula is suspended and Unit Petroleum request the allocation formula remain suspended. This application was unprotested and the examiner recommends that the field rules for the Jazz (Wilcox Deep) Field be amended as proposed by Unit Petroleum Company.

**DISCUSSION OF EVIDENCE**

The Jazz (Wilcox Deep) Field was formed in 2006 with the consolidation of the Jazz (Wilcox 10500) Field, the Pavey Kirby (Wilcox 10350) Field, the Triple Creek (Wilcox 10900) Field and the Triple Creek (Wilcox 12900) Field as a non-associated gas field. A total of 17 wells have been completed in the field. Unit Petroleum is the only operator in the field.

The Jazz (Wilcox Deep) Field is undergoing active development with infill drilling and has produced over 23.6 BCF of gas and 456,502 barrels of condensate. The Jazz (Wilcox Deep) Field is faulted and is designated as tight. The wells require fracture stimulation to produce efficiently. Reducing the between well spacing from 1,200 feet to 660 feet will allow Unit Petroleum to place wells at optimal structural locations which are frequently less than 700 feet from existing wells. The 467'/660' well spacing will allow drilling into smaller,

undrained fault blocks.

The subject field is located in the East Texas Piney Woods/Big Thicket area which is managed by the U.S. Forest Service and the Texas Forest Service. The reduced between well spacing will allow the drilling of multiple, low-angle, directional wells from one pad site reducing the environmental impact on the sensitive area.

Production data shows existing wells can be drilled less than 700 feet apart without causing waste. The Gilchrease Gas Unit No. 2 and the BP "D" Lease No. 1 were drilled within 700 feet of each other. A review of the production decline curves of the two wells did not show any evidence that well interference was occurring.

The allocation formula has been suspended since 2006, Unit Petroleum requests the allocation remain suspended.

**FINDINGS OF FACT**

1. Notice of this hearing was given to all persons entitled to notice and no protests were received.
2. Field rules for the Jazz (Wilcox Deep) Field provide for a correlative interval of 10,300' to 13,200', 467'-1,200' well spacing, 40 acre gas units and allocation based 95% deliverability and 5% per well. The allocation formula is suspended.
3. There are currently 17 wells producing from the field. A total of 23.6 BCF of gas and 456,502 barrels of condensate has been produced from the field.
4. The Jazz (Wilcox Deep) Field is undergoing development with infill drilling to target small fault blocks and optimal structural locations.
5. The reservoir for the Jazz (Wilcox Deep) Field is highly faulted and is designated as tight.
6. Production data shows that existing wells (Gilchrease Gas Unit No. 2 and the BP "D" Lease No. 1) can be drilled less than 700 feet apart without any evidence that well interference is occurring.
7. The subject field is located in the East Texas Piney Woods/Big Thicket area which is managed by the U.S. Forest Service and the Texas Forest Service. The reduced between well spacing will allow the drilling of multiple, low-angle, directional wells from one pad site reducing the environmental impact on the sensitive area.
8. The allocation formula has been suspended since 2006.

**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 Field Rule No. 2 for the Jazz (Wilcox Deep) 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 Rule No. 2 for the Jazz (Wilcox Deep) Field as proposed by Unit Petroleum Company.

Respectfully submitted,

Andres J. Trevino, P.E.  
Technical Examiner