

THE APPLICATION OF CHAPARRAL ENERGY, LLC, LP TO AMEND THE FIELD RULES FOR THE JEWETT (PETTIT) FIELD, LEON COUNTY, TEXAS

Heard by: Andres J. Trevino, P.E. on May 22, 2007

Appearances:

Representing:

John Soule
John F. Miller

Chaparral Energy, LLC

George C. Neale

Ensign III Energy Management, LLC

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Chaparral Energy, LLC requests that field rules for the Jewett (Pettit) Field be amended. The rules currently in effect for the field provide for a correlative interval of 9,420' to 9,825', 933'-1,867' well spacing, 160 acre gas units and allocation based acreage. These rules were adopted effective January 12, 1993 in Final Order No. 5-98,285. Chaparral proposes the following rules for the field:

1. The entire correlative interval from 9,420' to 9,825' as shown on the Dual Induction-Spectral Density log of the Apache Corporation, Clute Lease Well No. 2, M. Haggard Survey, A-406, Leon County, Texas, should be designated as the Jewett (Pettit) Field (no change);
2. 660'-1,320' well spacing;
3. 160 acre gas units with 10% tolerance and a maximum diagonal of 4,500 feet; optional 80 acre units with a maximum diagonal of 3,250 feet;
4. Allocation based on 100% acreage (no change).

The allocation formula is suspended and Chaparral request the allocation formula remain suspended. This application was unopposed and the examiner recommends that the field rules for the Jewett (Pettit) Field be amended as proposed by Chaparral Energy, LLC.

DISCUSSION OF EVIDENCE

The Jewett (Pettit) Field was discovered in 1971 as a non-associated gas field. A total of 26 wells have been completed in the field. There are currently 15 wells producing from the field: 11 wells operated by Chaparral, four wells operated by Peak Natural Gas Co. and one well operated by Ensign Energy and XTO Energy each which are either 14B-2 shut-in or temporarily abandoned.

Average porosity of this reservoir is 5.9% net pay thickness of 25 feet and average water saturation is 43.1%. Recoverable reserves are estimated to be 314 MCF/acre-foot. Chaparral calculated the economic ultimate recovery for wells with a drainage area of 160 acres and 80 acres. Chaparral estimated an EUR of 1,255 MMCF for wells draining 160 acres and 627 MMCF for wells draining 80 acres. The EUR for all wells in the field was calculated and ranged from only 2 MMCF to 2,575 MMCF. Of all the 26 wells completed in the field, 11 wells had an EUR of 667 MMCF or less. The 80 acre optional units will allow infill drilling to recover additional reserves that would otherwise go unrecovered.

A Tight Gas Area Designation was approved for 1,777 acres in the Jewett (Pettit) field in October 2003 with Oil & Gas Docket 05-0236497. Drainage areas will therefore vary significantly.

Well spacing with a minimum of 660 feet from lease lines and 1,320 feet between wells is standard spacing for an optional 80 acre density. The allocation formula has been suspended since 1994.

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 Jewett (Pettit) Field provide for a correlative interval of 9,420' to 9,825', 933'-1,867' well spacing, 160 acre gas units and allocation based acreage. The allocation formula is suspended.
3. There are currently fifteen wells producing from the field.
4. Wells in the field have varying recoveries and drainage capabilities.
 - a. A Tight Gas Area Designation was approved for 1,777 acres in the Jewett (Pettit) field in October 2003 with Oil & Gas Docket 05-0236497. EUR varies significantly from well to well.
 - b. Recoverable reserves are estimated to be 314 MCF/acre-foot.
 - c. Almost half of all wells completed in the field have a drainage area of 80 acres or less.

5. Well spacing a minimum of 660 feet from lease lines and 1,320 feet between wells is standard for 80 acre density.
6. The 80 acre optional units will allow infill drilling to recover additional reserves that would otherwise go unrecovered.

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 Jewett (Pettit) 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 Jewett (Pettit) Field as proposed by Chaparral Energy, LLC.

Respectfully submitted,

Andres J. Trevino, P.E.
Technical Examiner