

**THE APPLICATION OF FOREST OIL CORPORATION TO AMEND FIELD RULES FOR THE MCBEE (TRAVIS PEAK) FIELD, LEON COUNTY, TEXAS**

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**Heard by:** Andres J. Trevino, P.E. on August 15, 2008

**Appearances:**

Rick Johnston

**Representing:**

Forest Oil Corporation

**EXAMINER'S REPORT AND RECOMMENDATION**

**STATEMENT OF THE CASE**

This is the unopposed application of Forest Oil Corporation for the Commission to amend the field rules for the McBee (Travis Peak) Field as adopted in Order No. 05-35,400, effective May 6, 1957, as amended, which currently provides for:

1. 1,320'-2,640' well spacing;
2. Surface casing rule;
3. 640 acre gas units and a maximum diagonal of 7,500 feet;
4. Allocation based on 100% acreage;
5. Central separation.

Forest Oil proposes the following:

1. Designation of the field as the correlative interval from 9,736 feet to 13,150 feet as shown on the log of the Petty Kahala No. 1;
2. 467'-933' well spacing;
3. 640 acre oil units with 10% tolerance and a maximum diagonal of 8,500 feet and optional 40 acre units with a maximum diagonal of 2,100 feet;
4. Allocation based on 75% deliverability and 25% acreage.

Forest had originally proposed that the allocation formula be suspended, however dropped the request as there will only be two wells producing which will allow the wells to produce at AOF. Forest will address suspension of the allocation formula at a later date.

The examiner recommends adoption of the field rules proposed by Forest for the McBee (Travis Peak) Field.

### **DISCUSSION OF EVIDENCE**

The McBee (Travis Peak) Field was discovered in 1955 as a gas field. Special field rules were adopted by docket No 5-35,400, effective May 6, 1957 that established 1,320' - 2,640' well spacing and 640 acre density. There was no production from the field from 1970 to 1981 and from 1990 to 2008. In 2008, Forest has drilled two additional wells, the Thorne-Barkley GU 1 Well No. 1 and the Milton Golie GU 1 Well No. 1. The field currently has one active gas well and a shut-in gas well, one additional gas well is pending G-1 submittal. The field has had a cumulative production of approximately 587.9 MMCF and 297 BC.

Forest requests to establish a designated interval for the field. The interval from 9,736 feet to 13,150 feet as shown on the log of the Petty Kahala No. 1 should be designated as the McBee (Travis Peak) Field. This interval includes the entire Travis Peak formation. This interval is composed of multiple sandstone/mudstone sequences which contain numerous accumulations of hydrocarbons.

Forest requests optional 40 acre density units. Drainage calculations demonstrate the need for flexible density rules. The Thorne-Barkley GU 1 Well No. 1 was completed in March 2008. The well produced at a rate of 1,126 MCFPD. Based on a preliminarily estimated EUR of 197 MMCF, Forrest estimates that the No. 1 will ultimately drain 5.8 acres. This is based on an estimated recovery factor of 70.3% , 6.6% porosity, 35.7% water saturation and net pay of 101.5 feet. The Milton Golie GU 1 Well No. 1 completed in June 2008 has not been tested as it awaits a pipeline connection.

The Travis Peak is a multi-pay, sandstone/mudstone sequence with numerous channel sands. Forest requests 467'-933' well spacing for the McBee (Travis Peak) Field as it is standard well spacing for 40 acre density.

Forest requests that a two factor allocation formula be adopted for the field because the correlative interval includes multiple, lenticular accumulations of hydrocarbons. Forest proposed 75% deliverability and 25% acreage to meet statutory requirements.

### **FINDINGS OF FACT**

1. Notice of this hearing was given to all persons entitled to notice and no protests were received.
2. The McBee (Travis Peak) Field was discovered in 1955 as a gas field. The field has remained dormant from 1970 to 1981 and from 1990 to 2008. In 2008, Forest has drilled two additional wells.

3. The interval from 9,736 feet to 13,150 feet as shown on the log of the Petty Kahala No. 1 should be designated as the McBee (Travis Peak) Field. This interval includes the entire Travis Peak formation.
4. A density rule providing for 640/optional 40 acre units is appropriate for the field.
  - a. The McBee (Travis Peak) Field has several sandstone/mudstone sequences which are not present in all wells.
  - b. The calculated drainage area for the Thorne-Barkley GU 1 Well No. 1 is about 5.8 acres based on an EUR of 197 MMCF.
5. Well spacing a minimum of 467 feet from lease lines and 933 feet between wells is standard well spacing for 40 acre optional units.
6. Allocation based on 75% deliverability and 25% per acreage is a reasonable formula which will protect correlative rights in the field 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. Amending the field rules for the McBee (Travis Peak) 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 proposed by Forest Oil Corporation for the McBee (Travis Peak) Field.

Respectfully submitted,

Andres J. Trevino, P.E.  
Technical Examiner