
THE APPLICATION OF ENERQUEST CORPORATION TO AMEND THE FIELD RULES FOR THE GARRISON (TRAVIS PEAK) FIELD, NACOGDOCHES, RUSK AND SHELBY COUNTIES, TEXAS

Heard by: Margaret Allen, Technical Hearings Examiner

Procedural history

Application received: April 24, 2003

Hearing held: May 23, 2003

Appearances

Dale Miller

Keith Lilie

Representing

Enerquest Corporation

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Enerquest Corporation ("Enerquest") is seeking to amend the rules adopted in Final Order No.6-65,400, issued effective April 11, 1977, as amended, for the Garrison (Travis Peak) Field. The current rules are summarized as follows:

1. 660-1320' well spacing;
2. 640 acre proration units with 320-acre optional units; and
3. allocation based on acreage.

The applicant wants to adopt 80-acre optional units and to change the between-well spacing to 1200'. Enerquest also suggested a designated interval from 7460' to 9620' as shown on the log of the Grace Petroleum Company Stockman Lease, Well No. 1, and a two-factor allocation formula based 5% on deliverability and 95% on acreage.

DISCUSSION OF THE EVIDENCE

The Garrison (Travis Peak) Field was discovered in 1975 at a depth of 8140'. There are four operators in the field and nine active wells. Enerquest completed its only well in the field on January 27, 2003. Cumulative field production is 8.36 BCF and 171,200 BC.

Wells completed in the Garrison (Travis Peak) Field have been completed in sandstones up and down the vertical section of the Travis Peak. The proposed correlative interval, from 7460 feet to 9620 feet as shown on the log of the Grace Petroleum Company Stockman Lease, Well No. 1, includes all of

the Travis Peak Formation, which is a sand/shale sequence.

The average porosity of the Travis Peak sandstones is 9%, water saturation is 40% and the average net pay is 11'. The initial reservoir pressure in the discovery well, the Virtex Petroleum Garrison Gas Unit No. 1, was 3975 psi and only a few of the subsequent wells have encountered depleted pressure. All of the Travis Peak sandstones have similar characteristics and similar fluids.

The cumulative production of the nine active and sixteen inactive wells ranges from 23 MMCF to 1500 MMCF. Only two of the active wells have daily production over 100 MCF. The ultimate recoveries of the active wells range from 162 MMCF to 1855 MMCF. There are an estimated 463 MCF per acre-foot in the Travis Peak. The recovery factor is assumed to be 79% based on gas expansion, and the recoverable gas underneath 640 acres is 2.4 BCF.

The estimated ultimate drainage areas of the active and inactive wells range from 0 to 489 acres, but the drainage areas of the active wells are calculated to be from 43 to 489 acres. Infill drilling should be able to recover additional reserves not being encountered by the existing wells. Between-well spacing of 1200' will facilitate infill drilling. Because of the multiple producing reservoirs, a two-factor allocation formula is required by statute. One based 5% on deliverability and 95% on acreage will satisfy the statute.

FINDINGS OF FACT

1. Notice of this hearing was given to all operators in the field on May 6, 2003.
2. The Garrison (Travis Peak) Field was discovered in 1975 at a depth of 8140' in the Travis Peak Formation.
3. Cumulative field production from the nine active and sixteen inactive wells is 8.36 BCF and 171,200 BC.
4. Infill drilling should be able to recover additional reserves not being encountered by the existing wells.
 - a. The cumulative production of the nine active and sixteen inactive wells ranges from 23 MMCF to 1500 MMCF.
 - b. The ultimate recoveries of the active wells range from 162 MMCF to 1855 MMCF.
 - c. The recovery factor is assumed to be 79% based on gas expansion, and the recoverable gas underneath 640 acres is 2.4 BCF.
 - d. The estimated ultimate drainage areas of the active and inactive wells range from 0 to 489 acres, but the drainage areas of the active wells are calculated to be from 43 to 489 acres.
5. Between-well spacing of 1200' will facilitate infill drilling.
6. Wells completed in the Garrison (Travis Peak) Field have been completed in sandstones up and down the vertical section of the Travis Peak.

7. The productive Travis Peak Formation is shown between 7460 feet and 9620 feet on the log of the Grace Petroleum Company Stockman Lease, Well No. 1.
8. Two factor allocation is necessary because there are multiple reservoirs within the proposed designated interval.
9. Allocation based 5% on deliverability and 95% on acreage will satisfy statutory requirements and is close to the current formula.

CONCLUSIONS OF LAW

1. Proper notice was given as required by statute.
2. All things have been done or occurred to give the Railroad Commission jurisdiction to resolve this matter.
3. The proposed amendments to the field rules will prevent waste, protect correlative rights within the field, and promote orderly development of the reservoirs.

EXAMINER'S RECOMMENDATION

Based on the above findings and conclusions, the examiner recommends that the proposed amendments to the rules for the Garrison (Travis Peak) Field be adopted.

Respectfully submitted,

Margaret Allen
Technical Hearings Examiner