

January 19, 2006

OIL AND GAS DOCKET NO. 06-0245194

APPLICATION OF WILL-DRILL PRODUCTION COMPANY TO AMEND THE FIELD RULES FOR THE GOOD SPRINGS (TRAVIS PEAK) FIELD, RUSK AND CHEROKEE COUNTIES, TEXAS

HEARD BY: Thomas H. Richter, P.E.

DATE OF HEARING: December 22, 2005

APPEARANCES:

Dale E. Miller

REPRESENTING:

Will-Drill Production Company

EXAMINER'S REPORT AND RECOMMENDATION
STATEMENT OF THE CASE

This is the unprotested application of Will-Drill Production for the Commission to consider amending the field rules for the Good Springs (Travis Peak) Field as adopted by Order No. 6-79,750, effective June 6, 1983, as amended, that provide for:

1. Minimum well spacing of 660'/1320' (leaseline/between well);
2. 640 acre gas proration units with 10% tolerance and a maximum diagonal of 8,500', and optional 320 acre density and a maximum diagonal of 6,000';
3. A 100% acreage allocation formula (allocation formula suspended November 1994).

Will-Drill Production proposes the following:

1. The entire correlative interval from 8,195' to 8,500' subsurface depth as shown on the Induction log of the Globe Operating Co., Inc., Cecil F. Haddox Lease Well No. 1, James Hamilton Survey, A-23, Rusk County, Texas should be recognized and designated as the Good Spring (Travis Peak) Field.
2. Minimum well spacing of 467'/1200';
3. The addition of optional 40 acre density and a maximum diagonal of 2100';

4. No change in the allocation formula and the allocation formula remain suspended.

The examiner recommends approval of the application.

DISCUSSION OF THE EVIDENCE

The Good Spring (Travis Peak) Field was discovered June 22, 1982 by completion of the Roosth & Genecov Production Co., George Curbo Lease Well No. 18 through perforations from 7,798' to 8,102' subsurface depth. Field rules were adopted by Order No. 6-79,750, effective June 6, 1983, as amended. The field is designated as an Associated reservoir. Currently, there are three operators in the field. Will-Drill operates four wells and the other two operators have one well each. The "oil" reservoir was discovered on March 16, 1982 at 8,117' and operates pursuant to Statewide Rules. There are four operators in the field with one well each. The scheduled allowable for each well is 5 BOPD.

It is proposed that the entire correlative interval from 8,195' to 8,500' subsurface depth as shown on the Induction log of the Globe Operating Co., Inc., Cecil F. Haddox Lease Well No. 1, James Hamilton Survey, A-23, Rusk County, Texas should be recognized and designated as the Good Spring (Travis Peak) Field.

Other Travis Peak fields in the area provide for 640/optional 40 acre densities.

The proposed minimum well spacing of 467'/1200' (lease line/between well) is the Statewide default spacing for 40 acre densities. Other Travis Peak fields in the area provide for 467'/1200' or 467'/933' minimum well spacings.

Continuation of the 100% acreage allocation formula is appropriate as this reflects the recoverable gas in a reservoir that a well can recover that only has a net effective pay thickness of 12 feet. Amending the field rules will not change the market for produced gas and therefore, the allocation formula should remain suspended.

FINDINGS OF FACT

1. Notice of this hearing was sent to all operators in the subject field at least ten (10) days prior to the subject hearing.
2. There was no protest at the call of the hearing.
3. The Good Spring (Travis Peak) Field was discovered June 22, 1982 by completion of the Roosth & Genecov Production Co., George Curbo Lease Well No. 18 through perforations from 7,798' to 8,102' subsurface depth.
 - a. Field rules were adopted by Order No. 6-79,750, effective June 6, 1983, as amended.
 - b. The field is designated as an Associated reservoir and there are three operators in the

field.

4. The entire correlative interval from 8,195' to 8,500' subsurface depth as shown on the Induction log of the Globe Operating Co., Inc., Cecil F. Haddox Lease Well No. 1, James Hamilton Survey, A-23, Rusk County, Texas should be recognized and designated as the Good Spring (Travis Peak) Field.
5. The adoption of optional 40 acre density is necessary to provide for the effective and efficient depletion of the reservoir and will promote further development of the reservoir.
 - a. Cumulative gas production for the field is 1.75 BCF and 62,600 barrels of condensate/oil.
 - b. A total of 12 wells have produced from the field which have individual well cumulative productions ranging from 3.7 MMCF to 374 MMCF of gas.
 - c. Recoverable gas-in-place for 640 acres is 4.2 BCF of gas and for 40 acres is 264.7 MMCF of gas.
 - d. The current deliverabilities of the four producing gas wells range from 15 to 100 MCFD.
 - e. The drainage areas range from .6 acres to 57 acres.
 - f. Other Travis Peak fields in the area provide for 640/optional 40 acre densities. .
6. The proposed minimum well spacing of 467'/1200' (lease line/between well) is the Statewide default spacing for 40 acre densities. Other Travis Peak fields in the area provide for 467'/1200' or 467'/933' minimum well spacings.
7. Continuation of the 100% acreage allocation formula is appropriate as this reflects the recoverable gas in a reservoir that a well can recover that only has a net effective pay thickness of 12 feet.
8. There is still a market for 100% of the gas produced from the subject field, therefore the allocation formula should remain suspended pursuant to Rule 31(j).

CONCLUSIONS OF LAW

1. Proper notice was given to all parties as set out in the provisions of all applicable codes and regulatory statutes.
2. All things have occurred and been accomplished to give the Commission jurisdiction in this

matter.

3. Consideration of amending field rules, a determination of their effectiveness and appropriate actions is a matter within the Commission jurisdiction.
4. Adoption of the proposed amended field rules will prevent waste, foster conservation and protect correlative rights.

EXAMINER'S RECOMMENDATION

Based on the above findings and conclusions of law, the examiner recommends approval of the proposed amended field rules for the Good Spring (Travis Peak) Field.

Respectfully submitted,

Thomas H. Richter, P.E.
Technical Examiner
Office of General Counsel