

THE APPLICATION OF VIRTEX PETROLEUM COMPANY, INC. TO AMEND THE FIELD RULES FOR THE GARRISON (TRAVIS PEAK) FIELD, NACOGDOCHES, RUSK AND SHELBY COUNTIES, TEXAS

Heard by: Donna K. Chandler on February 6, 2007

Appearances:

Dale Miller

Rebecca Cousins Brightwell

Representing:

Virtex Petroleum Company, Inc.

Attoyac Disposal, Inc.

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Field rules for the Garrison (Travis Peak) Field were adopted on September 29, 1975 and amended by several subsequent dockets. The current rules are summarized as follows:

1. Designation of the field as the correlative interval from 7,460 feet to 9,620 feet as shown on the log of the Stockman No. 1;
2. 467'-1,200' well spacing;
3. 640 acre gas units with a maximum diagonal of 9,000 feet; optional 80 acre units with a maximum diagonal of 3,250 feet;
4. Allocation based on 95% acreage and 5% deliverability. AOF status.

Virtex Petroleum Company, Inc. requests that the rules be amended as follows:

1. No change;
2. 467'-933' well spacing;
3. 640 acre gas units and optional 40 acre units;

4. No change.

This application was unopposed and the examiner recommends approval of the amendments to the field rules for the Garrison (Travis Peak) Field as requested by Virtex Petroleum.

DISCUSSION OF THE EVIDENCE

The Garrison (Travis Peak) Field was discovered in 1975 and is classified as an associated gas field. A total of 68 wells have produced from the field, the majority of which have been completed since 2003. There are currently 51 gas wells producing from the field. The only well carried on the oil schedule is a disposal well.

The wells completed in the field in the 1970's and 1980's were perforated over much smaller intervals (100-300 feet) than more recent wells, which are perforated over intervals exceeding 1,000 feet. Earlier wells also have much smaller fracture stimulations compared to the more recent wells. Rules previously adopted for this field were based on calculations using only 11 feet of net pay. The calculated drainage areas for these older wells were therefore much higher, upwards of 400 acres for some wells. Virtex has determined that the average net pay for wells completed recently is 115 feet. Therefore, the calculated drainage areas for the more recent wells are considerably smaller, all other parameters being the same. The calculated drainage areas for the recent wells are generally 40 acres or less. For this reason, Virtex requests that an optional 40 acre density rule be adopted for the field.

The proposed change in spacing from 467'-1,200' to 467'-933' will accommodate the development of the field on 40 acre density. The proposed spacing and density rules are common for both Travis Peak and Cotton Valley fields in the area.

FINDINGS OF FACT

1. Notice of this hearing was given to all persons entitled to notice and there were no protests.
2. The Garrison (Travis Peak) Field was discovered in 1975 and is an associated gas field with 51 producing gas wells.
3. Field rules for the Garrison (Travis Peak) Field currently provide for 467'-1,200' well spacing, 640 acre gas units with optional 80 acre units, and allocation based on 95% acreage and 5% deliverability. The allocation formula is suspended.
4. Addition of a 40 acre optional density rule is necessary to adequately drain the reserves in the Garrison (Travis Peak) Field.

- a. The majority of the wells have been drilled in the field since 2003.
 - b. These more recent wells are using much larger fracture stimulations and much larger perforated intervals than wells drilled in the 1970's and 1980's.
 - c. The calculated drainage areas for the more recent wells are generally less than 40 acres because net pay in recent wells averages 115 feet. Older wells had average net pay of only 11 feet.
5. Well spacing of 467 feet from lease lines and 933 feet between wells is standard for 40 acre density.
 6. The proposed spacing and density rules are common for Travis Peak fields in this area.

CONCLUSIONS OF LAW

1. Proper notice of this hearing was given to all persons legally entitled to notice.
2. All things have occurred or been accomplished to give the Railroad Commission jurisdiction in this matter.
3. Amending the field rules for the Garrison (Travis Peak) Field is necessary to prevent waste, protect correlative rights, and promote orderly development of the field.

EXAMINER'S RECOMMENDATION

Based on the above findings and conclusions, the examiner recommends that the field rules for the Garrison (Travis Peak) Field be amended to provide for 467'-933' well spacing and optional 40 acre density.

Respectfully submitted,

Donna K. Chandler
Technical Hearings Examiner