

THE APPLICATION OF CLASSIC OPERATING CO. LLC TO AMEND THE FIELD RULES FOR THE JOAQUIN (TRAVIS PEAK) FIELD, SHELBY AND PANOLA COUNTIES, TEXAS

Heard by: Donna K. Chandler on February 25, 2008

Appearances:

Jim Clark

Representing:

Classic Operating Co. LLC

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Field rules for the Joaquin (Travis Peak) Field were adopted in Oil and Gas Docket No. 2-92,047, effective August 1, 1988. The rules are summarized as follows:

1. Designation of the field as the correlative interval from 6,250 feet to 8,580 feet as shown on the log of the Pickering Lumber Co. No. B4;
2. 660'-1,320' well spacing;
3. 640 acre gas units with optional 80 acre units;
4. Allocation based on 95% acreage and 5% deliverability.

Classic Operating Co. LLC requests that the field rules be amended to provide for 467'-934' well spacing and optional 40 acre density.

This application was unopposed and the examiner recommends that the field rules for the Joaquin (Travis Peak) Field be amended as proposed by Classic Operating.

DISCUSSION OF EVIDENCE

The Joaquin (Travis Peak) Field was discovered in 1968 at a depth of approximately 6,300 feet. The field is a non-associated gas field with 141 wells on the current proration schedule. Cumulative production from the field is 177 BCF of gas and 382,000 BC. Current production is approximately 863 MMCF per month.

Classic provided drainage calculations for two wells in the field which demonstrate the need for optional 40 acre density. The Horowitz No. 1 has 11.6% average porosity and 33.3% average water saturation with 51 feet of net pay. Estimated ultimate recovery for this well is 1,172 MMCF of gas. The calculated drainage area for the well is 40.4 acres. The W. M. Taylor No. 4 has 9.7% average porosity and 36.8% average water saturation with 55 feet of net pay. This well is expected to ultimately recover 1,303 MMCF of gas, resulting in a calculated drainage area of 47 acres.

The Travis Peak gross interval is approximately 2,300 feet. The individual sands within the gross interval are discontinuous and many wells will not drain large areas. Development on a greater density is necessary to maximize recovery from the field. Since optional 80 acre density was adopted in 1988, over 100 wells have been drilled and monthly gas production has increased from about 300 MMCF per month to the current of almost 900 MMCF per month. Additional development on 40 acres is expected to have a similar result.

Classic is requesting 467'-934' well spacing, which is consistent with 40 acre development.

FINDINGS OF FACT

1. Notice of this hearing was given to all persons entitled to notice and no protests were received.
2. The Joaquin (Travis Peak) Field was discovered in 1968 at a depth of approximately 6,200 feet. The field is a non-associated gas field with 141 wells on the current proration schedule.
3. Rules currently in effect for the field provide for 660'-1,320' well spacing, 640/optional 80 acre density, allocation based on 95% acreage and 5% per well. The allocation formula is suspended.
4. Cumulative production from the field is about 177 BCF of gas and 382,000 BC. Current production from the field is about 863 MMCF per month.
5. An optional 40 acre density rule is appropriate for the field.
 - a. The Horowitz No. 1 will ultimately recover 1.172 BCF of gas and will drain approximately 40 acres.
 - b. The W. M. Taylor No. 4 will ultimately recovery 1.303 BCF of gas and will drain approximately 47 acres.
 - c. Net pay in the Travis Peak can range significantly and the sand

member are discontinuous, resulting in small drainage areas for many wells.

6. The requested 467'-934' well spacing is consistent with 40 acre density.

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 Joaquin (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 for the Joaquin (Travis Peak) Field as proposed by Classic Operating Co. LLC.

Respectfully submitted,

Donna K. Chandler
Technical Examiner