

**THE APPLICATION OF CABOT OIL & GAS CORPORATION TO AMEND RULE 2 FOR THE ANGIE (JAMES LIME) FIELD, SHELBY AND SAN AUGUSTINE COUNTIES, TEXAS**

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**Heard by:** Richard D. Atkins, P.E. - Technical Examiner

**Date of Hearing:** July 31, 2008

**Appearances:**

**Representing:**

Dale E. Miller

Cabot Oil & Gas Corporation

**EXAMINER'S REPORT AND RECOMMENDATION**

**STATEMENT OF THE CASE**

Cabot Oil & Gas Corporation requests that Field Rule 2 for the Angie (James Lime) Field be amended. The field is currently governed by Field Rules that provide for 467'-660' well spacing with no minimum well spacing between horizontal and vertical wells.

Cabot proposes to amended Field Rule 2 to provide for 330'-660' well spacing with no minimum well spacing between horizontal and vertical wells. The allocation formula is suspended and Cabot requests that the allocation formula remain suspended.

This application was unopposed and the examiner recommends that Field Rule 2 for the Angie (James Lime) Field be amended as proposed by Cabot.

**DISCUSSION OF EVIDENCE**

The Angie (James Lime) Field was discovered in June 1981 as a non-associated gas field. There are a total of 26 wells completed in the field. Cabot Oil & Gas Corporation currently operates 21 of the wells and there are an additional 3 operators in the field.

The Angie (James Lime) Field is undergoing recent and rapid horizontal development with infill drilling and has produced over 9.7 BCFG and 3.2 MBC. The discovery well, the Bradshaw-McSwain No. 1, was drilled as a vertical well in 1981. The second well in the field, the Boggy Creek 151 No. 1, was drilled as a horizontal well in 2001. Since May 2007, Cabot has drilled and completed 21 horizontal wells.

The reservoir in the Angie (James Lime) Field is tight and is composed of lenticular porosity developments. The field has a vertical fracture system that parallels the coast and runs approximately east-west. Horizontal wellbores must be drilled as far north and south as possible to encounter as many fractures as possible. Reducing the well spacing from

467'-660' to 330'-660' feet will allow operators in the field to place wells at additional locations to recover additional reserves that would otherwise go unrecovered. The Bradshaw-McSwain No. 1, a vertical well, has produced 180.3 MMCFG in 26 years. The Timberstar-Perry 932 Well No. 1, a horizontal well, has produced the same 179.4 MMCFG in one month. Production data demonstrates that wells drilled years apart and side by side do not interfere with each other and encounter initial pressures and have initial potentials indicating virgin conditions still exist within the reservoir. The allocation formula has been suspended since 2005.

#### **FINDINGS OF FACT**

1. Notice of this hearing was given to all persons entitled to notice and no protests were received.
2. The Angie (James Lime) Field is governed by Field Rules that provide 467'-660' well spacing and the allocation formula is suspended.
3. There are currently 26 wells producing in the field. A total of 9.7 BCFG and 3.2 MBC has been produced from the field.
4. The Angie (James Lime) Field is undergoing recent and rapid horizontal development with infill drilling.
5. The reservoir in the Angie (James Lime) Field is tight and is composed of lenticular porosity developments.
6. The field has a vertical fracture system that parallels the coast and runs approximately east-west. Horizontal wellbores must be drilled as far north and south as possible to encounter as many fractures as possible.
7. Production data demonstrates that wells drilled years apart and side by side do not interfere with each other and encounter initial pressures and have initial potentials indicating virgin conditions still exist.
8. The Bradshaw-McSwain No. 1, a vertical well, has produced 179.4 MMCF of gas in 26 years. The Timberstar-Perry 932 Well No. 1, a horizontal well, has produced the same 179.4 MMCF of gas in one month.
9. Reducing the well spacing from 467'-660' to 330'-660' feet will allow operators in the field to recover additional reserves that would otherwise go unrecovered.
10. The allocation formula has been suspended since 2005.

**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 Field Rule 2 for the Angie (James Lime) Field is necessary to prevent waste, protect correlative rights and promote development of the field.

**RECOMMENDATION**

Based on the above findings of fact and conclusions of law, the examiner recommends that the Commission amend Field Rule 2 for the Angie (James Lime) Field as proposed by Cabot Oil & Gas Corporation.

Respectfully submitted,

Richard D. Atkins, P.E.  
Technical Examiner