

OIL AND GAS DOCKET NO. 06-0261759

THE APPLICATION OF ENCORE OPERATING, LP TO AMEND THE FIELD RULES FOR THE STOCKMAN (TRAVIS PEAK) FIELD, SHELBY COUNTY, TEXAS

HEARD BY: Richard D. Atkins, P.E. - Technical Examiner

HEARING DATE: June 5, 2009

APPEARANCES:

Bill Spencer
Cary McGregor
Ann Wiley

REPRESENTING:

Encore Operating, LP

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Encore Operating, LP ("Encore") requests that Field Rules for the Stockman (Travis Peak) Field be amended. The rules currently in effect for the field provide for a correlative interval, 467'-933' well spacing, 160 acre gas units with optional 80 acre density and allocation based on 50% acreage and 50% deliverability.

Encore proposes that the Field Rules be amended to provide for 467'-660' well spacing and 160 acre gas units with optional 40 acre density. Encore also requests that the allocation formula for the field remain suspended.

This application was unopposed and the examiner recommends that the Field Rules for the Stockman (Travis Peak) Field be amended as proposed by Encore.

DISCUSSION OF EVIDENCE

The Stockman (Travis Peak) Field was discovered in October 1976. The field is classified as associated with AOF status and there are currently 56 gas wells and two oil wells carried on the proration schedules. Eighteen wells are commingled with the Stockman (Cotton Valley) Field. Cumulative production from the field through March 2009 is 28.2 BCFG and 460.8 MBO.

The rules currently in effect for the Stockman (Travis Peak) Field provide for 660'-933' well spacing, 160 gas units with optional 80 acre units, and allocation based 50% acreage and 50% deliverability. The allocation formula is suspended. Encore submitted a north south Cross Section showing that the gross interval of the Travis Peak formation is over 2,000 feet thick and there are numerous discontinuous sands. Ultimate recoveries and drainage areas will therefore vary significantly.

Encore determined reservoir parameters for the Stockman (Travis Peak) Field. The average porosity is 14.7%, the average water saturation is 30.8% and the average net pay is 58 feet. Using a recovery factor of 72%, the average recoverable reserves are estimated to be 613 MCFG per acre-foot. Encore calculated drainage areas for three wells in the field. The ultimate recovery estimates range from 124 MMCFG to 1.0 BCFG and the net pay ranges from 26 feet to 94 feet. The calculated drainage areas range from 6 acres to 17 acres with an average drainage area of 13 acres.

Encore requests 467'-660' well spacing and 160 acre gas units with optional 40 acre density to provide additional flexibility in developing the field. Encore also requests that the allocation formula remain suspended, as there is a 100% market for all the gas produced, and that the filing of P-15's and plats not be required, as long as the allocation formula is suspended.

FINDINGS OF FACT

1. Notice of this hearing was given to all persons entitled to notice and no protests were received.
2. The Stockman (Travis Peak) Field was discovered in October 1976. The field is classified as associated with AOF status and there are currently 56 gas wells and two oil wells carried on the proration schedules. Eighteen wells are commingled with the Stockman (Cotton Valley) Field.
3. The rules currently in effect for the Stockman (Travis Peak) Field provide for 660'-933' well spacing, 160 gas units with optional 80 acre units, and allocation based 50% acreage and 50% deliverability. The allocation formula is suspended.
4. The Travis Peak formation is over 2,000 feet thick and there are numerous discontinuous sands. Wells in the subject field have varying ultimate recoveries and drainage capabilities.
 - a. Using a recovery factor of 72%, the average recoverable reserves are estimated to be 613 MCFG per acre-foot.

- b. For three wells analyzed, ultimate recovery estimates range from 124 MMCFG to 1.0 BCFG and the net pay ranges from 26 feet to 94 feet.
 - c. The calculated drainage areas range from 6 acres to 17 acres with an average drainage area of 13 acres.
- 5. Well spacing of 467'-660' and 160 acre gas units with optional 40 acre density will provide additional flexibility in developing the field.
 - 6. Continued suspension of the allocation formula is appropriate, as there is a 100% market for all the gas produced.

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 Stockman (Travis Peak) 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 the Field Rules for the Stockman (Travis Peak) Field, as proposed by Encore Operating, LP.

Respectfully submitted,

Richard D. Atkins, P.E.
Technical Examiner