

THE APPLICATION OF ANADARKO E & P COMPANY, LP TO AMEND FIELD RULE NO. 3 FOR THE BROOKELAND (AUSTIN CHALK 8800) FIELD, ANGELINA, JASPER, NEWTON, POLK, SABINE, SAN AUGUSTINE AND TYLER COUNTIES, TEXAS

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

HEARING DATE: September 11, 2009

APPEARANCES:

REPRESENTING:

Ana Maria Marsland-Griffith
David Christian

Anadarko E & P Company, LP

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Field Rules for the Brookeland (Austin Chalk 8800) Field were adopted in Final Order No. 3 & 6-97,111, effective August 3, 1992, as amended. The rules are summarized as follows:

1. Designation of the field as the entire correlative interval from 8,904 feet to 8,984 feet as shown on the log of the ARCO Lease, Well No. 1;
2. 467'-900' well spacing with special spacing provisions for horizontal wells;
3. 160 acre units with special acreage assignment provisions for horizontal wells with multiple drainholes;
4. Allocation based on 100% acreage.

Anadarko E & P Company, LP ("Anadarko") requests that Field Rule No. 3 be amended to provide for additional tolerance acreage in horizontal wells and that all overproduction in the field be canceled. At the hearing, the examiner recommended that the special acreage assignment provisions be re-written to clarify the assignment of acreage for horizontal wells with multiple drainholes. Anadarko did not consider this recommendation to be adverse.

The application was unopposed and the examiner recommends that Field Rule No. 3 for the Brookeland (Austin Chalk 8800) Field be amended as proposed by the examiner.

DISCUSSION OF EVIDENCE

Operators are currently developing the Brookeland (Austin Chalk 8800) Field with horizontal wells that contain multiple drainholes and are permitted as a single well. The pooled drilling units are created and identified on the plat filed with the approved drilling permit application for the wellbore. However, during the drilling of the permitted well, mechanical problems are encountered that require the operator to plugback and re-drill some of the drainholes multiple times, often without reaching the total lateral length depicted on the plat for the permitted well.

Commission staff are interpreting the provisions in Rule 3 for calculating the horizontal well lateral length for wells with multiple drainholes to allow only one projection of a horizontal drainhole on a line that extends in a 180 degree direction from the longest horizontal drainhole, instead of all of the horizontal drainholes drilled in a direction greater than 90 degrees from the longest drainhole. As a result, operators are unable to assign all of the acreage in the permitted drilling unit to the completed well. Consequently, this would orphan some small lease tracts that are surrounded by other large units and do not contain enough acreage for another well to be drilled.

To alleviate this problem, the examiner recommended that the provisions be rewritten to make it clear that multiple projections would be allowed in a direction greater than 90 degrees from the longest drainhole, but that operators would not be able to assign more acreage than was shown on the plat filed with the drilling permit. After consulting with Commission staff the proposed language is as follows:

The horizontal drainhole displacement (L) used for determining the proration unit assignable acreage (A) for a well with multiple horizontal drainholes shall be the longest horizontal drainhole displacement plus the cumulative projections, on a line that extends in a 180 degree direction from the longest horizontal drainhole, of all other horizontal drainholes drilled in a direction greater than 90 degrees from the longest drainhole. The calculated acreage will be accepted as the assigned proration unit acreage as long as it does not exceed the size of the drilling unit identified on the plat filed with the approved drilling permit application for the wellbore.

Anadarko also requests that any overproduction in the Brookeland (Austin Chalk 8800) Field be canceled.

FINDINGS OF FACT

1. Notice of this hearing was given to all persons entitled to notice and no protests were received.
2. Operators are currently developing the Brookeland (Austin Chalk 8800) Field with horizontal wells that contain multiple drainholes and are permitted as a single well. The pooled drilling units are created and identified on the plat filed with the approved drilling permit application for the wellbore.
3. During the drilling of the permitted well, mechanical problems are encountered that require the operator to plugback and redrill some of the drainholes multiple times, often without reaching the total lateral length depicted on the plat for the permitted well.
4. Commission staff are interpreting the provisions in Rule 3 for calculating the horizontal well lateral length for wells with multiple drainholes to allow only one projection of a horizontal drainhole on a line that extends in a 180 degree direction from the longest horizontal drainhole.
 - a. Operators are unable to assign all of the acreage in the permitted drilling unit to the completed well.
 - b. Being unable to assign all of the acreage would orphan some small lease tracts that are surrounded by other large units and do not contain enough acreage for another well to be drilled.
5. To alleviate orphaned lease tracts, the provisions need to be rewritten to make it clear that multiple projections would be allowed in a direction greater than 90 degrees from the longest drainhole, but that operators would not be able to assign more acreage than was shown on the plat filed with the drilling permit.

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 No. 3 for the Brookeland (Austin Chalk 8800) Field is necessary to prevent waste, protect correlative rights and promote development of the field.

4. Cancellation of overproduction for the Brookeland (Austin Chalk 8800) Field will not harm correlative rights or cause waste.

RECOMMENDATION

Based on the above findings of fact and conclusions of law, the examiner recommends that the Commission amend Field Rule No. 3 for the Brookeland (Austin Chalk 8800) Field, as proposed by the examiner, and cancel all overproduction.

Respectfully submitted,

Richard D. Atkins, P.E.
Technical Examiner