

**THE APPLICATION OF FOREST OIL CORPORATION TO ADOPT THE FIELD RULES FOR THE HALLSVILLE, NE (COTTON VALLEY) FIELD, HARRISON COUNTY, TEXAS**

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**Heard by:** Andres J. Trevino, P.E. on April 5, 2010

**Appearances:**

Rick Johnston

**Representing:**

Forest Oil Corporation

**EXAMINER'S REPORT AND RECOMMENDATION**

**STATEMENT OF THE CASE**

Forest Oil Corporation requests to adopt permanent field rules for the Hallsville, NE (Cotton Valley) Field. The proposed rules are summarized as follows:

1. Designation of the field as the correlative interval from 8,570 feet to 10,340 feet as shown on the log of the Hunt Oil - Nesbit No. 3;
2. 467' - 600' well spacing, 0' between well spacing between vertical and horizontal wells
3. 40 acre gas units with 10% tolerance; no filing of Form P-15 and plats;
4. Allocation based on 50% deliverability and 50% acreage with continued suspension of the allocation formula.

This application was unopposed and the examiner recommends adoption of the permanent field rules proposed by Forest Oil Corporation.

**DISCUSSION OF EVIDENCE**

The Hallsville, NE (Cotton Valley) Field was discovered in January 1980 and is a non-associated gas field with 38 wells on the current proration schedule. The field has always operated under Statewide Rules and is currently AOF status.

Cumulative production from the field is approximately 11.9 BCF from a total of 38 completions. Forest has drilled its first horizontal well, the Gladys Davis Unit No. 9H and is planning to drill additional horizontal wells in the field.

Forest currently operates 17 vertical wells and one horizontal well. The Gladys Davis Unit No. 9H has produce over .5 BCF of gas within its first twelve months of production. Due to the encouraging results of its first horizontal well, Forest is planning to drill additional horizontal wells in the Hallsville, NE (Cotton Valley) Field. Forest requests well spacing a minimum of 467 feet from lease lines, 600 feet between like wells and 0 feet between vertical and horizontal wells to accommodate drilling new horizontal wells between existing vertical wells without requiring numerous Rule 37 exceptions. Forest requests gas well density remain at 40 acre units.

The Cotton Valley has a gross thickness of 1,700-1,900 feet in the area. Forest requests that the field be defined as the correlative interval from 8,570 feet to 10,340 feet as shown on the log of the Hunt Oil - Nesbit No. 3. This interval includes the entire Cotton Valley.

Forest also requests that the filing plats not be required as long as the field has 100% AOF and that P-15's be filed listing wells on leases or units and the acreage assigned to each well. An exception will be the filing of as-drilled plats will showing the path, penetration point and terminus of all drainholes in horizontal wells.

#### **FINDINGS OF FACT**

1. Notice of this hearing was given to all persons entitled to notice and no protests were received.
2. The Hallsville, NE (Cotton Valley) Field was discovered in 1980.
3. The Hallsville, NE (Cotton Valley) Field is classified as a non-associated field and the allocation formula is currently suspended. There are 37 vertical gas wells and one horizontal gas well completed in the field and has produced 11.9 BCF of gas.
4. The Hallsville, NE (Cotton Valley) Field operates under Statewide rules and is currently AOF status.
5. Forest has drilled it's first horizontal well, the Gladys Davis Unit No. 9H and is planning to drill additional horizontal wells in the field.
6. Well spacing a minimum of 467 feet from lease lines, 600 feet between like wells and 0 feet between vertical and horizontal wells will allow Forest additional flexibility in locating horizontal wells between existing vertical wells.
7. The Hallsville, NE (Cotton Valley) Field should be defined as the correlative interval from 8,570 feet to 10,340 feet as shown on the log of the Hunt Oil - Nesbit No. 3. This interval includes the entire Cotton Valley.

8. Allocation based on 50% acreage and 50% deliverability is a reasonable method of allocation which will protect the correlative rights of mineral owners in the field and meet statutory requirements.

**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. Adopting field rules for the Hallsville, NE (Cotton Valley) Field as proposed by Forest Oil Corporation 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 permanent fields for the Hallsville, NE (Cotton Valley) Field be adopted as proposed by Forest Oil Corporation and that the allocation formula in the field remain suspended.

Respectfully submitted,

Andres J. Trevino, P.E.  
Technical Examiner