

THE APPLICATION OF FOREST OIL CORPORATION TO AMEND FIELD RULE NO. 2 FOR THE WILLOW SPRINGS (COTTON VALLEY, W) FIELD, GREGG COUNTY, TEXAS

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

DATE OF HEARING: April 1, 2010

APPEARANCES:

REPRESENTING:

APPLICANT:

Rick Johnston

Forest Oil Corporation

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Field Rules for the Willow Springs (Cotton Valley, W) Field were originally adopted in Docket No. 06-0201824, effective September 27, 1993, as amended. The Field Rules currently in effect for the field are summarized as follows:

1. Designation of the field as the correlative interval from 10,330 feet to 10,690 feet as shown on the log of the Amoco Production Co. - F. K. Lathrop Gas Unit, Well No. 2, Gregg County, Texas;
2. 467'-1,200' well spacing;
3. 160 acre gas units with optional 80 acre density;
4. Allocation based on 75% acreage and 25% deliverability;
5. Allowable limited to the lessor of: (1) G-10 test or (2) Most recent reported production.

Forest requests that Field Rule No. 2 be amended to provide for 467'-600' well spacing with no minimum well spacing between horizontal and vertical wells. The allocation formula is suspended and Forest requests that the allocation formula remain suspended.

This application was unopposed and the examiner recommends that Field Rule No. 2 for the Willow Springs (Cotton Valley, W) Field be amended as proposed by Forest.

OIL AND GAS DOCKET NO. 06-0264914

DISCUSSION OF EVIDENCE

The Willow Springs (Cotton Valley, W) Field was discovered in December 1975 as a non-associated gas field. There are a total of 227 gas wells carried on the proration schedule. The field has produced 280.9 BCFG and 2.2 MMBC through February 2010 and is undergoing horizontal well infill drilling development.

The reservoir in the Willow Springs (Cotton Valley, W) Field is tight and is composed of lenticular sand porosity developments and the primary drive mechanism is a gas expansion drive. Forest is proposing to drill horizontal wells in the Willow Springs (Cotton Valley, W) Field to recover additional hydrocarbons within the Cotton Valley formation.

The closest field is the Willow Springs (Cotton Valley) Field. This field already has 467'-600' well spacing and no minimum spacing requirements between vertical and horizontal wells. Similarly, over fifteen Cotton Valley fields already have no minimum spacing requirements between vertical and horizontal wells. These fields include the Blocker (Cotton Valley), Hardwood (Cotton Valley) and Woodlawn (Cotton Valley) Fields. No minimum well spacing between horizontal and vertical wells will provide operators in the Willow Springs (Cotton Valley, W) Field the additional flexibility needed to drill horizontal wells at optimum locations without requiring Rule 37 Exceptions as a result of the vertical well locations.

The allocation formula in the Willow Springs (Cotton Valley, W) Field has been suspended since March 1996 and Forest requests that the allocation formula remain suspended.

FINDINGS OF FACT

1. Notice of this hearing was given to all persons entitled to notice and no protests were received.
2. The Willow Springs (Cotton Valley, W) Field was discovered in December 1975 as a non-associated gas field.
3. The field is governed by Field Rules that provide for 467'-1,200' well spacing and the allocation formula is suspended.
4. There are a total of 227 gas wells carried on the proration schedule.
5. The Willow Springs (Cotton Valley, W) Field is undergoing horizontal well infill drilling development.
6. The reservoir in the Willow Springs (Cotton Valley, W) Field is tight and is composed of lenticular sand porosity developments. The primary drive mechanism is a gas expansion drive.

OIL AND GAS DOCKET NO. 06-0264914

7. The closest field is the Willow Springs (Cotton Valley) Field. This field already has 467'-600' well spacing and no minimum spacing requirements between vertical and horizontal wells.
8. Over fifteen Cotton Valley fields already have no minimum spacing requirements between vertical and horizontal wells. These fields include the Blocker (Cotton Valley), Hardwood (Cotton Valley) and Woodlawn (Cotton Valley) Fields.
9. No minimum well spacing between horizontal and vertical wells will provide operators in the field the additional flexibility needed to drill horizontal wells at optimum locations without requiring Rule 37 Exceptions as a result of the vertical well locations.
10. The allocation formula has been suspended since March 1996.

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. 2 for the Willow Springs (Cotton Valley, W) 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 No. 2 for the Willow Springs (Cotton Valley, W) Field and that the allocation formula remain suspended, as proposed by Forest Oil Corporation.

Respectfully submitted,

Richard D. Atkins, P.E.
Technical Examiner