

**OIL AND GAS DOCKET NO. 08-0250424**

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**THE APPLICATION OF CHAPARRAL ENERGY, L.L.C. TO AMEND THE FIELD RULES FOR THE CHAPARRAL DRAW (OLDS) FIELD, LOVING COUNTY, TEXAS**

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**Heard by:** Donna K. Chandler on March 23, 2007

**Appearances:**

John Soule  
John F. Miller

**Representing:**

Chaparral Energy, L.L.C.

**EXAMINER'S REPORT AND RECOMMENDATION**

**STATEMENT OF THE CASE**

Field rules for the Chaparral Draw (Olds) Field were adopted on April 5, 2005 in Docket No. 08-0240601. The rules adopted are summarized as follows:

1. Designation of the field as the correlative interval from 3,230 feet to 3,306 feet as shown on the log of the Hacienda State lease No. 1-46;
2. 467'-1,200' well spacing;
3. 80 acre units for oil and gas wells;
4. Allocation based on 95% acreage and 5% per well;
5. Fieldwide Net GOR with a gas limit of 1,200 MCFD per well.

Chaparral Energy, L.L.C. requests that the field rules be amended as follows:

1. Designation of the field as the correlative interval from 3,200 feet in the Hacienda State lease No. 1-46 to 3,449 feet in the Tyler State No. 1-46;
2. No change;
3. 80 acre units with optional 40 acre units;

4. No change;
5. No change;

This application was unopposed and the examiner recommends that the field rules for the Chaparral Draw (Olds) Field be amended as proposed by Chaparral Energy, L.L.C.

### **DISCUSSION OF THE EVIDENCE**

The Chaparral Draw (Olds) Field was discovered in June 2004 at a depth of approximately 3,300 feet. There are currently five wells producing from the field, though two of these are not yet listed on the proration schedule. Chaparral Energy, L.L.C. operates all five wells.

The current designated interval for the field includes three Hacienda sands and the Tyler sand. Chaparral requests that the interval be expanded to include the Lower Olds, which was found to be productive in the two most recent wells. These two wells, the Fraser TXL "F" No. 1 and the Hacienda State "A" No. 1046, did not encounter the Hacienda sands. Chaparral requests that the field be defined using two well logs because the Hacienda State No. 1-46 does not encounter the entire Lower Olds. Chaparral proposes designation of the field as the correlative interval from 3,200 feet in the Hacienda State lease No. 1-46 to 3,449 feet in the Tyler State No. 1-46.

For the five wells in the field, average porosity of the pay intervals is 23% and average water saturation is 42%. Net pay ranges from 8 feet to 49 feet, with an average of 23 feet. Assuming 10% recovery, recoverable reserves beneath 40 acres are about 79,000 BO. Chaparral estimates that the two oldest wells, the Hacienda State No. 1-46 and the Hacienda State No. 2-46, will ultimately recover significantly less than 79,000 BO. On this basis, Chaparral believes that the adoption of a 40 acre optional density rule is appropriate.

### **FINDINGS OF FACT**

1. Notice of this hearing was given to all persons entitled to notice at least ten days prior to the date of hearing.
2. The Chaparral Draw (Olds) Field was discovered in June 2004 at a depth of approximately 3,300 feet. Chaparral Energy L.L.C. operates all five wells in the field.
3. Field rules for the field were adopted on April 5, 2005 in Docket No. 08-0240601. The rules provide for a designated interval, 467'-1,200' well spacing, 80 acre units for oil and gas wells and allocation based on 95% acreage and 5% per well.

4. The current designated interval for the field is from 3,230 feet to 3,306 feet as shown on the log of the Hacienda State lease No. 1-46 and includes three Hacienda sands and the Tyler sand.
5. The two most recent wells have found productive Lower Olds Sand. The field designated interval should be expanded to include this sand and is found from 3,200 feet in the Hacienda State lease No. 1-46 to 3,449 feet in the Tyler State No. 1-46.
6. The addition of an optional 40 acre density rule is appropriate for the field.
  - a. Assuming 10% recovery, recoverable reserves beneath 40 acres are about 79,000 BO.
  - b. The Hacienda State No. 1-46 and the Hacienda State No. 2-46 are expected to ultimately recover significantly less than 79,000 BO.

#### **CONCLUSIONS OF LAW**

1. Proper notice of this hearing was given to all persons legally entitled to notice.
2. All things have occurred or been accomplished to give the Railroad Commission jurisdiction in this matter.
3. Amending the field rules for the Chaparral Draw (Olds) Field as proposed by Chaparral Energy, L.L.C. is necessary to prevent waste and protect correlative rights.

#### **EXAMINER'S RECOMMENDATION**

Based on the above findings and conclusions, the examiner recommends that the field rules for the Chaparral Draw (Olds) Field be amended to expand the designated interval and add an optional 40 acre density rule.

Respectfully submitted,

Donna K. Chandler  
Technical Hearings Examiner