

**THE APPLICATION OF JETTA OPERATING COMPANY, INC. TO AMEND THE FIELD RULES FOR THE SCOTT (CHERRY CANYON) FIELD, WARD COUNTY, TEXAS**

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**Heard by:** Donna K. Chandler on July 11, 2007

**Appearances:**

Mickey Olmstead  
Michael McKee  
Kurt Pizalate  
Paul Tough

**Representing:**

Jetta Operating Company, Inc.

**EXAMINER'S REPORT AND RECOMMENDATION**

**STATEMENT OF THE CASE**

Field rules for the Scott (Cherry Canyon) Field were adopted in Final Order No. 8-69,689, effective January 15, 1979 and amended several times subsequent. The rules in effect for the field are summarized as follows:

1. Designation of the field as the correlative interval from 5,100 feet to 7,000 feet as shown on the log of the Watson No. 1;
2. 660'-1,200' well spacing;
3. 160 acre gas units with a maximum diagonal of 5,000 feet; optional 40 acre density with a maximum diagonal of 2,100 feet;
4. Allocation based on 95% acreage and 5% per well.

Jetta Operating Company, Inc. requests that the rules be amended to provide for 330'-660' well spacing and optional 20 acre units.

This application was unopposed and the examiner recommends approval of the amendments to the field rules for the Scott (Cherry Canyon) Field as requested by Jetta.

**DISCUSSION OF THE EVIDENCE**

The Scott (Cherry Canyon) Field was discovered in 1978. In January 2005, the field rules for the field were amended to allow development on optional 40 acre density. Since

that time, Jetta has drilled 18 new wells in the field and has additional evidence to demonstrate that some wells are draining less than 40 acres.

For the new wells drilled, average porosity is 18% and average water saturation is 55%. Net pay averages 122 feet, but the Cherry Canyon interval is a series of stacked, lenticular sands which are not in communication. Expected recovery from new wells is estimated to be 100,000 BO per well. This results in calculated drainage areas of approximately 14 acres for the new wells.

In addition to the volumetric calculations, Jetta provided data regarding the Barstow 40 No. 1 and the Barstow 26 No. 2. These wells are recent completions, only six months apart. The wells are approximately 1,000 feet from each other. The wells were completed in correlative zones with similar stimulation. However, the two wells are not in pressure communication. The Barstow 26 No. 2 tested 115 BOPD in October 2006 and the Barstow 40 No. 1 tested 92 BOPD in March 2007. Additionally, these two wells are within 1,500 feet of the Barstow 26 No. 1, which has the second highest cumulative production in the field. The older wells in the field average only 6 BOPD.

There are four other Cherry Canyon fields in the area. The Matthews, Wheat, Abraxas and Rhoda Walker fields all have optional 20 acre density. The requested 330'-660' well spacing is standard for 20 acre density.

### **FINDINGS OF FACT**

1. Notice of this hearing was given to all persons entitled to notice and there were no protests.
2. The Scott (Cherry Canyon) Field was discovered in 1978. In January 2005, the field rules for the field were amended to allow development on 160 acre units with optional 40 acre units.
3. Amending the density rule to provide for optional 20 acres is necessary to maximize ultimate recovery from the Scott (Cherry Canyon) Field.
  - a. Jetta Operating Company has drilled 18 new wells under the 40 acre rules.
  - b. For the new wells drilled, estimated ultimate recovery is approximately 100,000 BO per well.
  - c. Calculated drainage areas for the recent wells average approximately 14 acres.
  - d. Recent new completions only 1,000 feet apart are not in pressure

communication.

- e. New wells in the field are testing at 100 BOPD or more while older wells are averaging only about 6 BOPD.
  - f. Rules providing for optional 20 acre density are common for other Cherry Canyon fields in this area.
4. Well spacing a minimum of 330 feet from lease lines and 660 feet between wells is standard for 20 acre density.

**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 Scott (Cherry Canyon) Field is necessary to prevent waste, protect correlative rights, and promote orderly development of the field.

**EXAMINER'S RECOMMENDATION**

Based on the above findings and conclusions, the examiner recommends that the field rules for the Scott (Cherry Canyon) Field be amended to provide for 330'-660' well spacing and optional 20 acre density.

Respectfully submitted,

Donna K. Chandler  
Technical Hearings Examiner