

**THE APPLICATION OF HERITAGE STANDARD CORPORATION TO AMEND THE
FIELD RULES FOR THE CRITTENDON (PENN.) FIELD, WINKLER COUNTY, TEXAS**

Heard by: Donna K. Chandler on August 17, 2009

Appearances:

Dale Miller

Representing:

Heritage Standard Corporation

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Field rules for the Crittendon (Penn.) Field were adopted on April 1, 1968 in Order No. 8-58,308. The rules in effect for the field are summarized as follows:

1. 1,867'-3,735' well spacing;
2. 640 acre gas units with 10% tolerance;
3. 100% acreage allocation, with AOF status.

Heritage Standard Corporation requests that the field rules be amended as follows:

1. Designation of the field as the correlative interval from 14,490 feet to 14,520 feet as shown on the log of the Wolfe Unit Well No. 1;
2. 660'-1,320' well spacing; no minimum spacing limitation between horizontal and vertical wells;
3. 640 acre units with optional 320 acre units;
4. No change.

This application was unopposed and the examiner recommends that the field rules for the Crittendon (Penn.) Field be amended as proposed by Heritage Standard Corporation.

DISCUSSION OF THE EVIDENCE

The Crittendon (Penn.) Field was discovered in 1968 and 10 wells have been completed in the field. There are currently only 2 active wells in the field. The field is classified as non-associated with AOF status.

Average porosity of the reservoir is 15% and average water saturation is 15%. Average net pay is 25 feet. Recoverable reserves beneath 640 acres are estimated to be 39.5 BCF of gas and recoverable reserves beneath 320 acres are estimated to be 19.8 BCF of gas. Estimated ultimate recoveries for wells in the field range from 17 BCF to 67 BCF. The calculated drainage areas for these wells range from 275 to 1,091 acres. On this basis, Heritage requests that an optional 320 acre density rule be adopted.

It is anticipated that horizontal wells will be drilled to further develop this field. The proposed well spacing of 660' from lease lines and 1,320 feet between wells with the elimination of a minimum spacing requirement between horizontal and vertical wells will accommodate horizontal drilling and allow operators to maximize drainhole length.

Heritage requests that the Crittendon (Penn.) Field be designated as the correlative interval from 14,490 feet to 14,520 feet as shown on the log of the Wolfe Unit Well No. 1. This interval is the First Atoka Sand within the Penn formation.

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 Crittendon (Penn.) Field was discovered in 1968 and is non-associated gas field which has had ten completions. There are currently only two active producers in the field.
3. Field rules for the Crittendon (Penn.) Field provide for 1,867'-3,735' well spacing, 640 acre density and 100% acreage allocation. The field is AOF.
4. The Crittendon (Penn.) Field should be defined as the correlative interval from 14,490 feet to 14,520 feet as shown on the log of the Wolfe Unit Well No. 1. This interval is the First Atoka Sand within the Penn formation.
5. A density rule providing for optional 320 acre density is appropriate for the Crittendon (Penn.) Field.
 - a. Recoverable reserves beneath 640 acres are estimated to be 39.5 BCF of gas and recoverable reserves beneath 320 acres are estimated to be 19.8 BCF of gas.

- b. Estimated ultimate recoveries for wells in the field range from 17 BCF to 67.5 BCF.
 - c. Drainage calculations for wells in the field range from 275 to 1,091 acres.
6. The requested 660'-1,320' well spacing rule, with the elimination of a spacing requirement between horizontal and vertical wells, will accommodate development of the field with horizontal wells.

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 Crittendon (Penn.) Field 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 Crittendon (Penn.) Field be amended as proposed by Heritage Standard Corporation.

Respectfully submitted,

Donna K. Chandler
Technical Examiner