

**THE APPLICATION OF WTG EXPLORATION TO ADOPT TEMPORARY FIELD RULES FOR THE RILEY, NORTH (DEVONIAN) FIELD, GAINES COUNTY, TEXAS**

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**Heard by:** Donna K. Chandler on February 10, 2011

**Appearances:**

David Klatt

**Representing:**

WTG Exploration

**EXAMINER'S REPORT AND RECOMMENDATION**

**STATEMENT OF THE CASE**

WTG Exploration requests that temporary field rules be adopted for the Riley, North (Devonian) Field. The proposed rules are summarized as follows:

1. Designation of the field as the correlative interval from 10,805 feet to 11,320 feet as shown on the log of the Doss 394 Well No. 1;
2. 467'- 1,200' well spacing;
3. 160 acre oil units with 40 acre tolerance and a maximum diagonal of 4,500 feet;
4. Allocation based on 100% acreage.

This application was unopposed and the examiner recommends adoption of the temporary field rules proposed by WTG, with the exception of the spacing rule. The examiner recommends 660'-1,320' well spacing. WTG did not consider this an adverse recommendation.

**DISCUSSION OF EVIDENCE**

The Riley, North (Devonian) Field was discovered in 1995 upon completion of the Shelton "404" No. 1. The well was plugged in 2003 and no other wells were completed in the field until August 2009 when WTG completed its Twister No. 1R. WTG completed its Twister No. 2 in May 2010.

WTG's mapping of the field indicates that the two Twister wells are completed within a fault block which covers approximately 220 acres. WTG believes that there is a strong water drive associated with the reservoir, as there has been no decline in reservoir pressure. The wells are drilled into the top of the Devonian and open-hole completed. No oil-water contact has been defined as the wells are not logged through the entire Devonian.

Average porosity of the reservoir is 8% and average water saturation is 35%. Net pay thickness is estimated to be 20 feet. Original oil-in-place in the fault block are estimated to be 1.775 million BO. Each of the Twister wells currently produces about 225 BOPD, but both are capable of producing at higher rates. The wells are restricted in an effort to prevent water coning. Cumulative production from the two wells is 53,600 BO. It is expected that the 2 wells will ultimately produce the 875,000 BO recoverable from the fault block.

WTG requests that the field be designated as the correlative interval between 10,805 feet to 11,320 feet as shown on the log of the Doss 394 Well No. 1. This well was drilled in 1992 and penetrated the entire Devonian section. The well did not produce from the Devonian, but WTG requests that the log for this well be used to define the field because it shows the entire Devonian.

WTG had requested 467'-1,200' well spacing in conjunction with the 160 acre density. The examiner recommends a spacing rule of 660'-1,320'. This recommended spacing should provide adequate flexibility in locating additional wells, if necessary, within the fault block. The requested allocation formula based on 100% acres will protect correlative rights.

### **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. Notice was also published in the *Seminole Sentinel*, an newspaper of general circulation in Gaines County, on January 2, 9, 16 and 23, 2011.
2. The Riley, North (Devonian) Field was discovered in 1995. There are currently two wells producing from the field, the Twister No. 1R and Twister No. 2, both operated by WTG Exploration.
3. It is estimated that the subject field covers approximately 220 acres.
4. Field rules providing for 160 acre density are appropriate for this field on a temporary basis.
  - a. Original oil-in-place in the 220 acre fault block are estimated to be 1.775 million BO.

- b. Each of the Twister wells currently produces about 225 BOPD, but both are capable of producing at higher rates.
  - c. The Twister wells are restricted in an effort to prevent water coning.
  - d. The Twister wells are expected to ultimately produce the recoverable reserves of 875,000 BO in the fault block.
- 5. Well spacing a minimum of 660 feet from lease lines and 1,320 feet between wells will provide adequate flexibility in further developing the reservoir.
  - 6. The Riley, North (Devonian) Field should be designated as the correlative interval from 10,805 feet to 11,320 feet as shown on the log of the Doss 394 Well No. 1.
  - 7. Allocation based on 100% acreage is a reasonable method of allocation which will protect the correlative rights of mineral owners in the field.

**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. Adoption of the proposed field rules for the Riley, North (Devonian) Field on a temporary basis 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 the Commission adopt the field rules proposed by WTG Exploration for the Riley, North (Devonian) Field on a temporary basis, subject to review in 18 months.

Respectfully submitted,

Donna K. Chandler  
Technical Examiner