

THE APPLICATION OF POGO PRODUCING COMPANY, LLC TO AMEND THE FIELD RULES FOR THE STILES RANCH (GRANITE WASH CONS) FIELD, WHEELER COUNTY, TEXAS

Heard by: Donna K. Chandler on December 7, 2010

Appearances:

George Neale
Rick Johnston
Bob Tierney

Representing:

Pogo Producing Company, LLC

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Field rules for the Stiles Ranch (Granite Wash Cons) Field are summarized as follows:

1. Designation of the field as the correlative interval from 12,344 feet to 16,164 feet as shown on the log of the Britt "K" Lease Well No. 1;
2. 467'-660 well spacing, with no between-well limitation between horizontal and vertical wells; take-point provisions; off-lease penetration point provisions;
3. Stacked lateral provisions;
4. Allocation based on 95% deliverability/potential and 5% per well, with AOF status for the gas field.

Pogo Producing Company, LLC requests that the rules be amended to eliminate the between-well spacing requirement.

This application was unopposed and the examiner recommends amending the field rules as proposed.

OIL AND GAS DOCKET NO. 10-0267637

DISCUSSION OF EVIDENCE

The Stiles Ranch (Granite Wash Cons) Field was formed in July 2008 with the consolidation of Stiles Ranch (Atoka) and Stiles Ranch (Granite Wash) Fields. The field is currently classified as non-associated and there are approximately 500 wells on the current proration schedule. Cumulative production from the field is 414 BCF of gas and 6.2 million BO. The field is actively being developed with horizontal wells.

The designated interval for the field is very thick and requires multiple horizontal laterals at varying depths. Many of the proposed laterals will not qualify as stacked laterals and Pogo is therefore requesting that the between-well spacing requirement be eliminated for horizontal wells. Pogo presented an example of the close spacing of wellbores needed to develop the subject field. Unless the spacing rule is amended, numerous Rule 37 between-well spacing exceptions will be necessary. A similar rule has been adopted for at least two other Granite Wash fields, the Mills Ranch (Granite Wash Cons.) and Hemphill (Granite Wash) Fields.

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. Field rules for the Stiles Ranch (Granite Wash Cons) Field provide for a designated interval, 467'-660 well spacing, with no between-well limitation between horizontal and vertical wells; take-point provisions; off-lease penetration point provisions; stacked laterals and allocation based on 95% deliverability/potential and 5% per well.
3. There are approximately 500 gas wells on the current proration schedule.
4. The designated interval for the field includes the Atoka and Granite Wash, which is a gross interval of almost 4,000 feet.
5. Elimination of the between-well spacing requirement will provide the flexibility necessary to develop the field with horizontal laterals in varying vertical depths which do not qualify as stacked laterals.
6. The proposed spacing rule is common to other Granite Wash fields which are undergoing similar horizontal development.

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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 the field rules for the Stiles Ranch (Granite Wash Cons) Field 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 field rules for the Stiles Ranch (Granite Wash Cons) Field be amended as set out in the attached Final Order.

Respectfully submitted,

Donna K. Chandler
Technical Examiner