

**OIL AND GAS DOCKET NO. 06-0255790**

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**THE APPLICATION OF FOREST OIL CORPORATION TO AMEND THE FIELD RULES FOR THE HARDWOOD (COTTON VALLEY) FIELD, HARRISON COUNTY, TEXAS**

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**Heard by:** Richard D. Atkins, P.E.

**Date of Hearing:** March 31, 2008

**Appearances:**

Rick Johnston

**Representing:**

Forest Oil Corporation

**EXAMINER'S REPORT AND RECOMMENDATION**

**STATEMENT OF THE CASE**

Field rules for the Hardwood (Cotton Valley) Field were adopted in Final Order No. 06-0254690, effective February 12, 2008. The rules in effect for the field are summarized as follows:

1. Designation of the field as the correlative interval from 8,350 feet to 10,134 feet as shown on the log of the L. Justice No. 1, API No. 203-31121, Samuel Monday Survey, A-14, Harrison County, Texas;
2. 467' - 600' well spacing
3. 40 acre gas units with 20 acre optional units;
4. Allocation based on 95% deliverability and 5% per well.

Forest requests that the rules be amended to provide for a minimum well spacing of 600' between vertical to vertical wells and horizontal to horizontal wells and the elimination of a between well spacing requirement between vertical and horizontal wells.

This application was unopposed and the examiner recommends that the field rules be amended as proposed by Forest and that the allocation formula in the field remain suspended.

### **DISCUSSION OF EVIDENCE**

The Hardwood (Cotton Valley) Field was discovered in 1985. There are 44 gas wells carried on the proration schedule. The field is classified as a non-associated gas field and is AOF status.

Forest is proposing to drill horizontal wells in the Hardwood (Cotton Valley) Field to recover additional hydrocarbons within the Cotton Valley Taylor Sand formation. In order to design an optimum fracture stimulation procedure for the horizontal completion, Forest will first drill a vertical well on a pad site. The vertical well will be logged and fracture stimulated. Tests will be performed on the vertical well to better calibrate and design a fracture stimulation procedure for the horizontal well. The drilling rig will then be skidded 20 to 50 feet from the vertical well to drill the horizontal well on the same pad site. Forest will fracture stimulate the horizontal well based on the vertical well's test results. Forest requests the 0 feet between vertical and horizontal wells to accommodate the proposed completion procedure. Forest will produce both the vertical and horizontal wells.

### **FINDINGS OF FACT**

1. Notice of this hearing was given to all persons entitled to notice and no protests were received.
2. The Hardwood (Cotton Valley) Field was discovered in 1985.
3. The Hardwood (Cotton Valley) Field is classified as a non-associated gas field and the allocation formula is currently suspended. There are 44 gas wells completed in the field.
4. Acreage is not part of the allocation formula.
5. Forest will drill a horizontal well within 50 feet of a vertical well to optimize the fracture stimulation design for the horizontal well.
6. Well spacing a minimum of 467 feet from lease lines, 600 feet between like wells and 0 feet between vertical and horizontal wells will allow Forest to optimize fracture stimulation design and provide the additional flexibility needed to develop this 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. Amending the field rules for the Hardwood (Cotton Valley) Field as proposed by Forest Oil Corporation 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 field Rule 2 for the Hardwood (Cotton Valley) Field be amended as proposed by Forest Oil Corporation and that the allocation formula in the field remain suspended.

Respectfully submitted,

Richard D. Atkins, P.E.  
Technical Examiner