

**THE APPLICATION OF COMSTOCK OIL & GAS, LP TO AMEND THE FIELD RULES FOR THE WASKOM (COTTON VALLEY) FIELD, HARRISON COUNTY, TEXAS**

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**Heard by:** Donna K. Chandler on April 22, 2008

**Appearances:**

David Gross  
Rick Johnston

**Representing:**

Comstock Oil & Gas, LP

**EXAMINER'S REPORT AND RECOMMENDATION**

**STATEMENT OF THE CASE**

Field rules for the Waskom (Cotton Valley) Field are summarized as follows:

1. Designation of the field as the correlative interval from 7,720 feet to 11,095 feet as shown on the log of the Waskom Smackover Unit Well No. 1;
2. 467'-933' well spacing;
3. 640 acre gas units with optional 40 acre units;

Comstock requests that Rule 2 be amended to include a special provision that distance to lease lines be based on the closest "take point" in a horizontal well, instead of the penetration point and terminus, as defined by Statewide Rule 86.

Additionally, in 1983, rules had been adopted in the field which provided for allocation based on 90% acreage and 10% deliverability. In the most recent field rule hearing in the field, Docket No. 06-0252470, it appears that the allocation formula was inadvertently omitted. It is recommended that this allocation formula be re-adopted.

This application was unopposed and the examiner recommends that the field rules for the Waskom (Cotton Valley) Field be amended as proposed by Comstock, with the inclusion of the prior allocation formula.

**DISCUSSION OF EVIDENCE**

The Waskom (Cotton Valley) Field was discovered in 1955. The field is an

associated gas field with over 200 wells. The allocation formula is currently suspended.

Operators are currently developing the field with horizontal wellbores. Completion methods involve setting intermediate casing into the correlative interval for the field. The horizontal portion of the well is then drilled and stimulated in stages using open-hole packers at various locations. This method optimizes the success of fracture stimulation throughout the open-hole horizontal interval.

Comstock requests that a field rule be adopted which includes language relevant to measurement of distances to lease lines. Comstock's proposed rule specifies that, for purposes of lease line spacing, the nearest "take point" in a horizontal well be used. This take-point could be a perforation, if a horizontal well is cased and cemented, an external casing packer in a cased well, or any open-hole section in an uncased well. Similar rules have been adopted in other tight reservoirs, including the Barnett Shale and other Cotton Valley fields. However, horizontal wells in those fields are typically cased and cemented, or external casing packers are used. In this Cotton Valley field, the horizontal sections are open-hole.

The proposed rule would allow operators to drill horizontal wells with penetration points, as defined by Rule 86, at distances closer than 467 feet to a lease line, as long as no take-point is closer than 467 feet to any lease line. Horizontal drainhole length on a lease is then maximized, resulting in additional recovery of gas.

For purposes of assignment of additional acreage pursuant to Rule 86, Comstock proposes the distance between the first and last take-point in a horizontal well be used.

### **FINDINGS OF FACT**

1. Notice of this hearing was given to all persons entitled to notice and no protests were received.
2. Field rules for the Waskom (Cotton Valley) Field provide for a designated interval, 467'-933' well spacing and 640 acre gas units with optional 40 acre units.
3. The Waskom (Cotton Valley) Field was discovered in 1955. The field is an associated gas field with over 200 wells.
4. A spacing rule which utilizes "take-points" in a horizontal well for determination of distances to lease lines will prevent waste and will not harm correlative rights.

- a. Current completion methods involve setting intermediate casing into the correlative interval for the field. The horizontal portion of the well is then drilled and stimulated in stages using external casing packers at various locations.
  - b. This completion method optimizes the success of fracture stimulation throughout the open-hole horizontal interval.
  - c. The Cotton Valley is a tight formation and is not commercially productive unless fracture-stimulated.
  - d. A take-point in a horizontal well in this field may be a perforation, if a horizontal well is cased and cemented, an external casing packer in a cased well, or any open-hole section in an uncased portion of the wellbore.
  - e. Adoption of the proposed rule would allow operators to drill horizontal wells with penetration points, as defined by Rule 86, at distances closer than 467 feet to a lease line, as long as no take-point is closer than 467 feet to any lease line.
  - f. Adoption of the proposed rule will allow the horizontal drainhole length on a lease to be maximized.
5. For purposes of assignment of additional acreage pursuant to Rule 86, the distance between the first and last take-point in a horizontal well should be used.

**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 Waskom (Cotton Valley) 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 Commission amend the field rules for the Waskom (Cotton Valley) Field as proposed

by Comstock Oil & Gas, LP.

Respectfully submitted,

Donna K. Chandler  
Technical Examiner