

OIL AND GAS DOCKET NO. 06-0256748

**THE APPLICATION OF CABOT OIL & GAS CORPORATION TO ADOPT RULES NO.1
& 2 FOR THE ANGIE (JAMES LIME) FIELD, SHELBY COUNTY, TEXAS**

Heard by: Andres J. Trevino, P.E. on May 21, 2008

Appearances:

Dale E. Miller

Representing:

Cabot Oil & Gas Corporation

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Cabot Oil & Gas Corporation requests that Field Rules No. 1 & 2 for the Angie (James Lime) Field be adopted. The field is currently governed by Statewide Rules that provide for a 467'-1,200' well spacing. Cabot requests that the between well spacing be reduced from 1,200' to 660'. Cabot proposes the following Field Rules for the field:

1. The entire correlative interval from 7,038 feet to 7,255 feet as shown on the HDS Gamma Ray-Induction-Porosity log of the Cabot Oil & Gas Corporation - Sustainable Forrest, LLC Well No. 1, (API No. 42-419-31046), C.G. Bruce Survey, A-1110, Shelby County, Texas, shall be designated as the Angie (James Lime) Field;
2. 467'-660' well spacing, no minimum well spacing between horizontal and vertical wells.

The allocation formula is suspended and Cabot request the allocation formula remain suspended. Cabot requests the drilling unit remain at 40 acre units. This application was unopposed and the examiner recommends that the field rules for the Angie (James Lime) Field be amended as proposed by Cabot Oil & Gas Corporation.

DISCUSSION OF EVIDENCE

The Angie (James Lime) Field was discovered in 1981 as a non-associated gas field. There are a total of 19 wells completed in the field. Cabot Oil & Gas Corporation currently operates 8 of the wells and there are an additional 3 operators in the field.

The Angie (James Lime) Field is undergoing recent and rapid horizontal development with infill drilling and has produced over 4.9 BCF of gas. The discovery well the Bradshaw-McSwain No. 1 was drilled as a vertical well in 1981. The second well (horizontal well) in the field, the Boggy Creek 151 No. 1 was drilled in 2001. Since May 2007, Cabot has drilled and completed 14 horizontal wells.

The reservoir in the Angie (James Lime) Field is tight and is composed of lenticular porosity developments. Horizontal drilling recovers additional reserves that would otherwise go unrecovered. The Bradshaw-McSwain No. 1, a vertical well, has produced 179.4 MMCF of gas in 26 years. The Timberstar-Perry 932 Well No. 1, a horizontal well, has produced the same 179.4 MMCF of gas in one month. Production data demonstrates that wells drilled years apart and side by side do not interfere with each other and encounter initial pressures and initial potentials indicating virgin conditions still exist. Reducing the between well spacing from 1,200 feet to 660 feet and retaining the 40 acre drilling units will allow operators in the field to place wells at additional locations to recover additional reserves that would otherwise go unrecovered. The allocation formula has been suspended since 2005.

FINDINGS OF FACT

1. Notice of this hearing was given to all persons entitled to notice and no protests were received.
2. The Angie (James Lime) Field is governed by Statewide Rules that provide 467'-1,200' well spacing, 40 acre gas units. The allocation formula is suspended.
3. There are currently 19 wells producing from the field. A total of 4.9 BCF of gas has been produced from the field.
4. The Angie (James Lime) Field is undergoing recent and rapid horizontal development with infill drilling.
5. The Bradshaw-McSwain No. 1, a vertical well, has produced 179.4 MMCF of gas in 26 years. The Timberstar-Perry 932 Well No. 1, a horizontal well, has produced the same 179.4 MMCF of gas in one month.
6. The reservoir in the Angie (James Lime) Field is tight and is composed of lenticular porosity developments
7. Production data demonstrates that wells drilled years apart and side by side do not interfere with each other and encounter initial pressures and initial potentials indicating virgin conditions still exist.
8. Reducing the between well spacing from 1,200 feet to 660 feet will allow

operators in the field to recover additional reserves that would otherwise go unrecovered.

9. Retaining the 40 acre units will allow infill drilling to recover additional reserves that would otherwise go unrecovered.
10. The allocation formula has been suspended since 2005.

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. Adopting field rules for the Angie (James Lime) 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 adopt the field rules for the Angie (James Lime) Field as proposed by Cabot Oil & Gas Corporation.

Respectfully submitted,

Andres J. Trevino, P.E.
Technical Examiner