



# RAILROAD COMMISSION OF TEXAS

## HEARINGS DIVISION

**OIL AND GAS DOCKET NO. 01-0283283**

---

**APPLICATION OF FOREST OIL CORPORATION TO CONSIDER BLANKET  
RULE 10 AUTHORITY FOR THE SMILEY (AUSTIN CHALK) FIELD AND THE  
EAGLEVILLE (EAGLE FORD-1) FIELD IN VARIOUS COUNTIES, TEXAS**

---

**HEARD BY:** Paul Dubois - Technical Examiner  
Michael Crnich - Legal Examiner

**DATE OF HEARING:** July 29, 2013

**APPEARANCES:**

Doug Dashiel  
Rick Johnston, P.E.

**REPRESENTING:**

Forest Oil Corporation

### **EXAMINER'S REPORT AND RECOMMENDATION**

#### **STATEMENT OF THE CASE**

This is the application of Forest Oil Corporation (Forest), for the Commission to consider granting a blanket exception to Statewide Rule 10 allowing downhole commingling of the Smiley (Austin Chalk) and Eagleville (Eagle Ford-1) Fields in Gonzales County, Texas. Forest is currently developing acreage in the Eagleville (Eagle Ford-1) Field. Forest has concurrently requested adopting field rules for the Smiley (Austin Chalk) Field that mirror the current field rules for the Eagleville (Eagle Ford-1) Field (Docket 01-0283284, also heard on July 29, 2013).

After the hearing, the examiners determined that the original hearing notice may not have been adequate. The hearing service list included all operators in the Smiley (Austin Chalk) Field. The only operator in this field is Forest, and only because several of its wells have obtained individual Statewide Rule 10 exceptions to commingle the Smiley (Austin Chalk) with the Eagleville (Eagle Ford-1). There are a number of other active fields that are producing from the Austin Chalk in the immediate vicinity of Forest's development activity. A 15-day notice to parties letter was sent out providing notice to all operators in all Austin Chalk fields in Gonzales County, notifying them of this matter before the Commission. A number of letters were returned as undeliverable, but there were no protests or requests for rehearing on the matter. The examiners now consider the manner

adequately and appropriately noticed.

This application for blanket Statewide Rule 10 authority for the two fields rules is unprotested and the examiners recommend approval.

### **DISCUSSION OF THE EVIDENCE**

Forest is actively developing its Eagle Ford acreage in Gonzales County by the drilling and completing of horizontal wellbores. When drilling a horizontal well targeting the Eagle Ford formation, the driller will begin the curve in or above the Austin Chalk Formation, and the well obtains a horizontal profile after penetrating the Eagle Ford. Occasionally, however, the drill bit crosses the Austin Chalk/Eagle Ford contact and moves up into the Austin Chalk before adjustments can be made and the drill bit redirected into the Eagle Ford. Forest refers to this as "porpoising". When the well "porpoises" into the Austin Chalk the operator must undertake certain measures to remain compliant with Statewide Rules 7 and/or 13. One option for compliance is to obtain an exception to Statewide Rule 10 to allow for fluids from the two formations to be commingled in the wellbore. On several occasions in this area Forest has obtained Rule 10 exceptions. It is seeking a blanket Rule 10 exception to reduce the administrative burden of compliance.

The Smiley (Austin Chalk) Field was discovered on June 28, 1978. The field is under Statewide Rules. There are currently no wells on the proration schedule for this field, and there has been no production since about 1991. Nine wells were completed in the field, all of which have been plugged and abandoned. The Commission has, however, approved exceptions to Statewide Rule 10 that allow for downhole commingling of the Smiley (Austin Chalk) and Eagleville (Eagle Ford-1) Fields in several wells. Several other Austin Chalk fields are active in the immediate area. The Eagle Ford Formation is the source rock for hydrocarbons in the Austin Chalk.

The Eagle Ford Formation is a rapidly developing hydrocarbon resource in South Texas. The Eagle Ford Formation underlies the Austin Chalk. In Commission District 1, which includes Gonzales County, one of the primary Eagle Ford Formation fields is the Eagleville (Eagle Ford-1) Field. The Eagleville (Eagle Ford-1) Field is being developed by Forest and many other operators. The August 1, 2013 proration schedule carries 1,765 oil wells in the Eagleville (Eagle Ford-1) Field. The Eagleville (Eagle Ford-1) Field is subject to regulation under Statewide Rule 36 as a hydrogen sulfide field.

Various Austin Chalk and Eagle Ford fields have been successfully commingled throughout District 1 and the State. Fluids from the two formations are expected to be compatible and the potential for cross flow between the formations is minimal.

**FINDINGS OF FACT**

1. Notice of this hearing was sent to all operators in the subject field at least ten (10) days prior to the hearing.
2. The hearing was not protested.
3. After the hearing, notice was sent to all operators in Austin Chalk fields in Gonzales County to ensure that all parties entitled to notice were given the opportunity to protest or otherwise respond.
4. No responses were received from the supplemental notice.
5. The Eagleville (Eagle Ford-1) Field is being actively and significantly developed in Gonzales and surrounding Counties.
6. The Smiley (Austin Chalk) Field is an existing but currently non-productive field overlying the Eagleville (Eagle Ford-1) Field in Gonzales County.
7. The Smiley (Austin Chalk) Field has not produced hydrocarbons since about 1991.
8. The Austin Chalk and Eagle Ford Formations have been successfully commingled in the immediate area and throughout the State.
9. The proposed blanket exception to Statewide Rule 10 will promote the orderly development of the Eagleville (Eagle Ford-1) Field and protect correlative rights.

**CONCLUSIONS OF LAW**

1. Proper notice of this hearing was given to all persons legally entitled to notice.
2. All things have occurred or been accomplished to give the Railroad Commission jurisdiction in this matter.
3. The proposed blanket authority for exception to Statewide Rule 10 for the Smiley (Austin Chalk) and the Eagleville (Eagle Ford-1) Fields will protect correlative rights and satisfy statutory requirements.

**EXAMINERS' RECOMMENDATION**

Based on the above findings and conclusions of law, the examiners recommend approval of the proposed amended field rules for the Smiley (Austin Chalk) Field.

Respectfully submitted,



Paul Dubois  
Technical Hearings Examiner



Michael Crnich  
Legal Hearings Examiner