

December 22, 2006

OIL AND GAS DOCKET NO. 06-0248381

APPLICATION OF ANADARKO PETROLEUM CORPORATION TO CONSIDER NEW FIELD DESIGNATION AND FIELD RULES FOR THE PROPOSED MOXIE (COTTON VALLEY) FIELD, HOUSTON COUNTY, TEXAS

HEARD BY: Thomas H. Richter, P.E.

DATE OF HEARING: December 15, 2006

APPEARANCES:

REPRESENTING:

Ana Maria Marsland-Griffith, attorney
James M. Clark

Anadarko Petroleum Corporation

Glenn Johnson, attorney

Forston Oil Co.

EXAMINER'S REPORT AND RECOMMENDATION
STATEMENT OF THE CASE

This is the unprotested application of Anadarko Petroleum Corporation for a new field designation and field rules for the proposed Moxie (Cotton Valley) Field which provide for:

1. The entire combined correlative interval from 15,040' to 19,444' as shown on the Array Induction/Litho-Density/Compensated Neutron/ Gamma Ray Log of the Anadarko Petroleum Corp., Whitehead "A" Lease Well No. 1 (API No. 42-225-31031), Section 851, J. A. Parker Survey, A-863, Houston County, Texas should be designated as the Moxie (Cotton Valley) Field.
2. A two-factor allocation formula based on 95% deliverability and 5% per well.

The proposed name for the subject field was Mardi Gras (Cotton Valley) Field. Because of the Commission's field computer name/numbering system, the proposed name of Mardi Gras (Cotton Valley) Field was unavailable. The second choice as indicated on the Commission Form P-7 (New Field Designation) was Moxie (Cotton Valley). The examiner recommends approval of the application with the new field designation name of Moxie (Cotton Valley).

DISCUSSION OF THE EVIDENCE

The proposed Moxie (Cotton Valley) Field was discovered on December 6, 2005, by completion of the Anadarko Petroleum Corp., Whitehead "A" Lease Well No. 1 through selective perforations from 16,116' to 18,741' subsurface depth. The well potentialized at 4,514 MCFD.

The Moxie (Cotton Valley) Field is a new field designation as there are no other wells completed in the correlative interval within 2.5 miles of the subject well. All other wells that penetrated this depth were dry holes. Other wells in the area are Travis Peak producers. The entire combined correlative interval from 15,040' to 19,444' as shown on the Array Induction/Litho-Density/Compensated Neutron/ Gamma Ray Log of the Anadarko Petroleum Corp., Whitehead "A" Lease Well No. 1 (API No. 42-225-31031), Section 851, J. A. Parker Survey, A-863, Houston County, Texas should be designated as the Moxie (Cotton Valley) Field.

The Whitehead "A" Well No. 1 has cumulative production through November of 950 MMCF of gas and is currently producing 1,480 MCFD. Anadarko has recently completed its Riemenschneider "A" Well No. 1 in the proposed field and it has cumulative production of 265 MMCF of gas and a current producing rate of 1,250 MCFD.

Because the proposed new field is combining multiple productive zones, a two-factor allocation formula is necessary for the protection of correlative rights pursuant to State Statutes. The proposed two-factor allocation formula based on 95% deliverability and 5% per well satisfies this requirement.

Notice of the hearing was published in the *Grapeland Messenger*, a newspaper of general circulation in the Houston and Anderson Counties, on November 2, 9, 16, and 23, 2006.

FINDINGS OF FACT

1. Notice of this hearing was sent to all affected persons in the subject area field at least ten (10) days prior to the subject hearing. Notice of the hearing was published in the *Grapeland Messenger*, a newspaper of general circulation in the Houston and Anderson Counties, on November 2, 9, 16, and 23, 2006.
2. There was no protest at the call of the hearing.
3. The proposed Moxie (Cotton Valley) Field was discovered on December 6, 2005, by completion of the Anadarko Petroleum Corp., Whitehead "A" Lease Well No. 1 through selective perforations from 16,116' to 18,741' subsurface depth.
4. The Moxie (Cotton Valley) Field is a new field designation as there are no other wells completed in the correlative interval within 2.5 miles of the subject well.
5. The entire combined correlative interval from 15,040' to 19,444' as shown on the Array Induction/Litho-Density/Compensated Neutron/ Gamma Ray Log of the Anadarko Petroleum Corp., Whitehead "A" Lease Well No. 1 (API No. 42-225-31031), Section 851, J. A. Parker Survey, A-863, Houston County, Texas should be designated as the Moxie (Cotton Valley) Field.
6. Because the proposed new field is combining multiple productive zones, a two-factor

allocation formula is necessary for the protection of correlative rights pursuant to State Statutes.

- a. The proposed two-factor allocation formula based on 95% deliverability and 5% per well satisfies this requirement.

CONCLUSIONS OF LAW

1. Proper notice was given to all parties as set out in the provisions of all applicable codes and regulatory statutes.
2. All things have occurred and been accomplished to give the Commission jurisdiction in this matter.
3. Adoption of the proposed new field designation and field rules will prevent waste, foster conservation and protect correlative rights.

EXAMINER'S RECOMMENDATION

Based on the above findings and conclusions of law, the examiner recommends approval of the proposed new field designation and field rules for the Moxie (Cotton Valley) Field.

Respectfully submitted,

Thomas H. Richter, P.E.
Technical Examiner
Office of General Counsel