



# RAILROAD COMMISSION OF TEXAS

## OFFICE OF GENERAL COUNSEL

April 20, 2006

OIL AND GAS DOCKET NO. 03-0246791

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APPLICATION OF UNIT PETROLEUM COMPANY TO CONSOLIDATE THE JAZZ (WILCOX 10500), PAVEY KIRBY (WILCOX 10350), TRIPLE CREEK (WILCOX 10900) AND TRIPLE CREEK (WILCOX 12900) FIELDS INTO A THE PROPOSED JAZZ (WILCOX DEEP) FIELD AND ADOPT FIELD RULES FOR THE JAZZ (WILCOX DEEP) FIELD, POLK AND TYLER COUNTIES, TEXAS

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

DATE OF HEARING: April 19, 2006

APPEARANCES:

Karen Moss  
Gerald Bivens  
Robert Whitson

REPRESENTING:

Unit Petroleum Company

**EXAMINER'S REPORT AND RECOMMENDATION**  
**STATEMENT OF THE CASE**

This is the unprotested application of Unit Petroleum Company for the Commission to consider consolidating the Jazz (Wilcox 10500), Pavey Kirby (Wilcox 10350), Triple Creek (Wilcox 10900), and Triple Creek (Wilcox 12900) Fields into a new field, the Jazz (Wilcox Deep) Field. The following rules are proposed:

1. The entire correlative interval from 10,300' to 13,200' as shown on the Baker Hughes Induction/Gamma Ray log of the Unit Petroleum, BP "C" Lease Well No. 1, API No. 42-373-31041, Jacob Buckman Survey, A-111, Polk County, Texas should be designated as the Jazz (Wilcox Deep) Field.
2. Minimum well spacing of 467'/1200' (lease line/between well);
3. 40 acre gas proration units plus 10% tolerance and a maximum diagonal of 2,100';
4. An allocation formula based on 95% deliverability and 5% acreage. It is proposed that the allocation formula be suspended and any over production be cancelled.

### DISCUSSION OF THE EVIDENCE

The Jazz (Wilcox 10500) Field was discovered in 2003 at 10,483' subsurface depth. The field is governed by Statewide Rules and is classified as a Non-Associated Field and the allocation formula was suspended November 2004. Unit Petroleum is the only operator in the field with five wells.

The Pavey-Kirby (Wilcox 10350) Field was discovered in 1968 at 10,530' subsurface depth. The field is governed by Statewide Rules and is classified as a Non-Associated-One Well Field. Unit Petroleum is the only operator in the field with one well.

The Triple Creek (Wilcox 10900) Field was discovered in 2005 at 10,908' subsurface depth. The field is governed by Statewide Rules and is classified as a Non-Associated-One Well Field. Unit Petroleum is the only operator in the field with one well.

The Triple Creek (Wilcox 12900) Field was discovered in 2004 at 12,887' subsurface depth. The field is governed by Statewide Rules and is classified as a Non-Associated-One Well Field. Unit Petroleum is the only operator in the field with one well.

Consolidation of the Jazz (Wilcox 10500), Pavey Kirby (Wilcox 10350), Triple Creek (Wilcox 10900), and Triple Creek (Wilcox 12900) Fields will provide for the orderly development of the fields. The entire correlative interval from 10,300' to 13,200' as shown on the Baker Hughes Induction/ Gamma Ray log of the Unit Petroleum, BP "C" Lease Well No. 1, API No. 42-373-31041, Jacob Buckman Survey, A-111, Polk County, Texas should be designated as the Jazz (Wilcox Deep) Field. The interval encompasses the stacked series of the Middle and Lower Wilcox Sand Formation sections. Each of the subject fields are separated by shale intervals of  $\pm 150$  feet. The reservoirs are the result of a structural trap created by two east -to-west major sealing faults to the north and to the south. Log analysis indicates other stray Wilcox lenses are contained within the proposed interval but are not continuous across the entire area.

Proration unit density of 40 acres will provide for the effective and efficient depletion of the reservoirs. The fields have all been developed on 40 acres (Statewide Rules). The subject fields are located in the East Texas Piney Woods/Big Thicket area (which is overseen by the U.S. Forest Service and Texas Forest Service). It is desirable to minimize any adverse environmental impact on the pristine areas. Wells completed in the Wilcox must be fracture stimulated because of the low permeability. Formation pressures are in the range of 7100 psig. The wells potential at 2 to 4 MMCFD. However, many of the zones are marginal and are not stand alone zones testing at 200 - 400 MCFD,  $\pm 30$  BCPD,  $\pm 50$  BWPD and a flowing tubing pressure of  $\pm 200$  psig. Water analysis indicate water compatibilities with no scaling. Gas analysis indicates the gas produced from the subject fields are all of similar chemical component properties.

The proposed minimum well spacing, 467'/1200' (leaseline/between well) is the appropriate minimum well spacing to provide flexibility in locating wells in this environmentally sensitive area.

The proposed 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% acreage satisfies this requirement. There is 100% market for all the gas produced from the subject field and the allocation formula should be suspended.

#### FINDINGS OF FACT

1. Notice of this hearing was sent to all operators in the subject fields at least ten (10) days prior to the subject hearing.
2. There was no protest at the call of the hearing.
3. The Jazz (Wilcox 10500) Field was discovered in 2003 at 10,483' subsurface depth. The field is governed by Statewide Rules and is classified as a Non-Associated Field and the allocation formula was suspended November 2004. Unit Petroleum is the only operator in the field with five wells.
4. The Pavey-Kirby (Wilcox 10350) Field was discovered in 1968 at 10,530' subsurface depth. The field is governed by Statewide Rules and is classified as a Non-Associated-One Well Field. Unit Petroleum is the only operator in the field with one well.
5. The Triple Creek (Wilcox 10900) Field was discovered in 2005 at 10,908' subsurface depth. The field is governed by Statewide Rules and is classified as a Non-Associated-One Well Field. Unit Petroleum is the only operator in the field with one well.
6. The Triple Creek (Wilcox 12900) Field was discovered in 2004 at 12,887' subsurface depth. The field is governed by Statewide Rules and is classified as a Non-Associated-One Well Field. Unit Petroleum is the only operator in the field with one well.
7. The entire correlative interval from 10,300' to 13,200' as shown on the Baker Hughes Induction/ Gamma Ray log of the Unit Petroleum, BP "C" Lease Well No. 1, API No. 42-373-31041, Jacob Buckman Survey, A-111, Polk County, Texas should be designated as the Jazz (Wilcox Deep) Field.
8. Consolidation of the Jazz (Wilcox 10500), Pavey Kirby (Wilcox 10350), Triple Creek (Wilcox 10900), and Triple Creek (Wilcox 12900) Fields will provide for the orderly development of the fields.
9. Proration unit density of 40 acres will provide for the effective and efficient depletion of the reservoirs. The fields have all been developed on 40 acres (Statewide Rules).
10. The proposed minimum well spacing, 467'/1200' (lease/line/between well) is the appropriate minimum well spacing to provide flexibility in locating wells in this environmentally

sensitive area.

- a. The subject fields are located in the East Texas Piney Woods/Big Thicket area (which is overseen by the U.S. Forest Service and Texas Forest Service) and it is desirable to minimize any adverse environmental impact on the pristine areas.
11. The proposed 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% acreage satisfies this requirement.
12. There is 100% market for all the gas produced from the subject field and the allocation formula should be suspended.

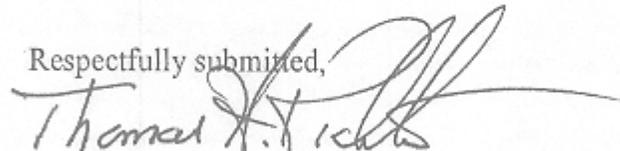
#### CONCLUSIONS OF LAW

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. Consideration for consolidation of fields and the proposed field rules are a matter within the Commission jurisdiction.
4. Adoption of the proposed consolidation of fields and field rules will prevent waste, foster conservation and protect correlative rights.
5. The subject field meets all the criteria established for suspension of the allocation formula under Statewide Rule 31(j).

#### EXAMINER'S RECOMMENDATION

Based on the above findings and conclusions of law, the examiner recommends approval of the proposed consolidation of the Jazz (Wilcox 10500), Pavey Kirby (Wilcox 10350), Triple Creek (Wilcox 10900), and Triple Creek (Wilcox 12900) Fields into a new field, the Jazz (Wilcox Deep) Field and the proposed field rules.

Respectfully submitted,



Thomas H. Richter, P.E.

Technical Examiner

Office of General Counsel