



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL AND GAS DOCKET NO. 06-0281972

THE APPLICATION OF FOREST OIL CORPORATION, INC. TO CONSOLIDATE THE WOODLAWN (TRAVIS PEAK-A-) FIELD, WOODLAWN (TRANSITION) FIELD, WOODLAWN (TRAVIS PEAK-B-) FIELD INTO THE WOODLAWN (TRAVIS PEAK) FIELD AND TO ADOPT FIELD RULES FOR THE WOODLAWN (TRAVIS PEAK) FIELD, HARRISON COUNTY, TEXAS

HEARD BY: Andres J. Trevino P.E., Technical Examiner
Marshall Enquist- Legal Examiner

HEARING DATE: May 20, 2013

APPLICANT:

Rick Johnston

REPRESENTING:

Forest Oil Corporation

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Forest Oil Corporation (Forest) requests that the Woodlawn (Travis Peak -A-) Field, Woodlawn (Transition) Field, and Woodlawn (Travis Peak -B-) Fields be consolidated into the Woodlawn (Travis Peak) Field and that field rules for the Woodlawn (Travis Peak) Field be adopted.

Forest requests that the following rules be adopted for the Woodlawn (Travis Peak) Field:

1. Designated interval from 6,444 feet to 8,174 feet as shown on the composite log of the Forest Oil Corporation's Brigg Lease, Well No. 4;
2. Well spacing a minimum of 330 feet from lease lines, 660 between well spacing with no between-well spacing limitation between vertical and horizontal wells, 100 foot spacing for first and last take points on horizontal laterals, take point language, NPZ language, 33 foot box rule and off-lease penetration-point language;
3. 40 acre units for both oil and gas wells, no filing of individual proration plats be required;

4. Allocation based 100% deliverability for gas wells and 100% acreage for oil wells, and allocation formula to be suspended;

This application was unopposed and the examiners recommend approval of Forest's request for field consolidation and field rules.

DISCUSSION OF THE EVIDENCE

The Woodlawn (Travis Peak -A-) Field is a non-associated gas field that was discovered in 1964 at a depth of 6,501 feet. There are two gas wells carried in the field, Forest is the only operator in the field. The field produces from perforations from 6,501 feet to 6,514 feet in the Travis Peak -A- formation. The field rules (Statewide rules) provide for 40 acre density and 467'-1,200' well spacing. Cumulative production from the field is 8.8 BCF of gas and 4.9 MB of condensate.

The Woodlawn (Transition) Field is a non-associated gas field that was discovered in 1962 at a depth of 6,666 feet. The field produces from perforations from 6,666 feet to 6,669 feet in the Transition zone of the Travis Peak formation. There are two producing gas wells carried in the field. The field has cumulative production of 1.7 BCF of gas and 15.0 MB of condensate. The field rules (Statewide rules) provide for 40 acre density and 467'-1,200' well spacing.

The Woodlawn (Travis Peak -B-) Field is a non-associated gas field that was discovered in 1964 at a depth of 6,762 feet. The field produces from perforations from 6,762 feet to 6,765 feet in the Travis Peak -B- formation. There is one gas well carried in the field and is operated by Forest. Special field rules provide for 640 acre density and 1,000'-2,000' well spacing. Cumulative production from the field is 7.6 BCF of gas and 1.8 MB of condensate.

The Woodlawn (Travis Peak) Field is an associated field that was discovered in 1980 at a depth of 6,808 feet. The field produces from perforations from 6,808 feet to 6,954 feet in the Travis Peak formation. There are 15 producing gas wells and no oil wells carried in the field. The field has cumulative production of 27.5 BCF of gas, 92.2 MB of condensate and 690 BO. The field rules (Statewide rules) provide for 40 acre density and 467'-1,200' well spacing. The Woodlawn (Travis Peak) Field is the larger of the four fields.

Over the years, the fields have "grown together" and field designations overlap. Wells in the four fields produce from a correlative interval that includes sections of the Travis Peak formation. There are no faults or structural features separating the fields. Consolidating the fields will promote the orderly development of the reservoirs by having uniform field rules.

Forest requests that the consolidated field be designated as the interval from 6,444 feet to 8,174 feet as shown on the composite log of the Forest Oil Corporation's Brigg Lease, Well No. 4. The interval includes the entire the Travis Peak formation which

includes the Travis Peak -A-, Travis Peak -B- and the Travis Peak Transition zones. Consolidation of the various sands into a single field will result in the recovery of additional reserves which would otherwise be uneconomic by producing multiple reservoirs individually. Forest requests the density rule of 40 acres for the consolidated field to remain unchanged.

Forest is requesting standard horizontal field rules to promote the efficient and effective development of the remaining hydrocarbons with horizontal wells. Forest anticipates drilling a horizontal well in the consolidated field in the near future. Forest requests standard provisions for "take points", no perf zones (NPZ's) 100' lease line spacing for the first and last take points, no between well spacing between vertical and horizontal wells, a 33 foot "box" rule and "off-lease" penetration point for horizontal drainhole wells. Similar rules have been adopted in other horizontal play reservoirs, including the Barnett Shale, Cotton Valley and Eagle Ford formations.

The Examiners recommend to eliminate the requirement to file individual proration plats and instead file Form P-15 indicating the number of acres assigned to each well as there will be no between well spacing.

FINDINGS OF FACT

1. Notice of this hearing was sent to all persons legally entitled to notice at least ten days prior to the date of hearing.
2. The Woodlawn (Travis Peak -A-) Field is a non-associated gas field that was discovered in 1964 at a depth of 6,501 feet. The field rules (Statewide rules) provide for 40 acre density and 467'-1,200' well spacing.
3. The Woodlawn (Transition) Field is a non-associated gas field that was discovered in 1962 at a depth of 6,666 feet. The field rules (Statewide rules) provide for 40 acre density and 467'-1,200' well spacing.
4. The Woodlawn (Travis Peak -B-) Field is a non-associated gas field that was discovered in 1964 at a depth of 6,762 feet. Special field rules provide for 640 acre density and 1,000'-2,000' well spacing.
5. The Woodlawn (Travis Peak) Field is an associated field that was discovered in 1980 at a depth of 6,808 feet. The field rules (Statewide rules) provide for 40 acre density and 467'-1,200' well spacing.
6. The Woodlawn (Travis Peak -A-) Field, Woodlawn (Transition) Field, Woodlawn (Travis Peak -B-) Fields and the Woodlawn (Travis Peak) Field all produce from within the Travis Peak formation.
7. Over the years, the fields have "grown together". There are no faults or structural features separating the fields.

8. Consolidating the fields will promote the orderly development of the reservoirs by having uniform field rules.
9. The Woodlawn (Travis Peak) Field should be designated as the correlative interval from 6,444 feet to 8,174 feet as shown on the composite log of the Forest Oil Corporation's Brigg Lease, Well No. 4. The interval includes the entire the Travis Peak formation which includes the Travis Peak -A-, Travis Peak -B- and the Travis Peak Transition zones.
10. Forest requests 330'/660' well spacing with no between-well spacing limitation between vertical and horizontal wells the well density remain unchanged at 40 acre units.
11. Forest anticipates drilling horizontal wells in the consolidated field in the near future.
12. Field rules providing for standard horizontal field rules that provide for provisions for "take points", 100' lease line spacing for the first and last take points, a 33 foot "box" rule and "off-lease" penetration point for horizontal drainhole wells will provide consistency in developing the field and will allow greater flexibility in selecting future drilling locations.
13. Allocation based 100% deliverability for gas wells and 100% acreage for oil wells will protect correlative rights and satisfy statutory requirements.
14. All fields proposed to be consolidated within the Woodlawn (Travis Peak) Field is either a single well field or is currently producing at 100% AOF.
15. The allocation formula has been suspended since 1992.

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. Consolidation of the fields as proposed by Forest Oil Corporation is necessary to prevent waste and protect correlative rights.
4. The proposed field rules will prevent waste, protect correlative rights, and satisfy statutory requirements.

EXAMINER'S RECOMMENDATION

Based on the above findings and conclusions, the examiners recommend that the Woodlawn (Travis Peak -A-) Field, Woodlawn (Transition) Field, and Woodlawn (Travis Peak -B-) Fields be consolidated into the Woodlawn (Travis Peak) Field and that field rules for the Woodlawn (Travis Peak) Field be adopted as requested.

Respectfully submitted,



Andres J. Trevino P.E.
Technical Examiner



Marshall Enquist
Hearings Examiner