

OIL AND GAS DOCKET NO. 06-0255752

THE APPLICATION OF FOREST OIL CORPORATION TO AMEND PERMANENT FIELD RULES FOR THE BLOCKER (COTTON VALLEY) FIELD, HARRISON AND RUSK COUNTIES, TEXAS

Heard by: Andres J. Trevino, P.E. and Richard D. Atkins, P.E. on March 19, 2008

Appearances:

Rick Johnston

Representing:

Forest Oil Corporation

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Field rules for the Blocker (Cotton Valley) Field were amended in Final Order No. 06-0217072, effective October 7, 1997. The rules in effect for the field are summarized as follows:

1. Designation of the field as the correlative interval from 8,580 feet to 10,060 feet as shown on the log of the Amoco - Mary Roden Gas Unit No. 1, J. Paterson Survey, A-17, Harrison County, Texas;
2. 660' - 1,000' well spacing;
3. 640 acre drilling units with 80 acre optional units;
4. Allocation based on 95% deliverability and 5% per well.

Forest requests that the rules be amended to provide for 0' between well spacing between vertical and horizontal wells. Forest also requests that the filing of P-15's and plats not be required as long as the field is 100% AOF and the allocation formula in the field remains suspended.

This application was unopposed and the examiner recommends that the field rules be amended as proposed by Forest and that the allocation formula in the field remain suspended.

DISCUSSION OF EVIDENCE

The Blocker (Cotton Valley) Field was discovered in 1978. There are 287 gas wells carried on the proration schedule. The field is classified as a non-associated field and is AOF status.

Forest is proposing to drill horizontal wells in the Blocker (Cotton Valley) Field to recover additional hydrocarbons within the Cotton Valley Taylor Sand formation. In order to design an optimum fracture stimulation procedure for the horizontal completion, Forest will first drill a vertical well on a pad site. The vertical well will be logged and fracture stimulated. Tests will be performed on the vertical well to better calibrate and design a fracture stimulation procedure for the horizontal well. The drilling rig will then be skidded 20 to 50 feet from the vertical well to drill the horizontal well on the same pad site. Forest will fracture stimulate the horizontal well based on the vertical well's test results. Forest requests the 0 feet between vertical and horizontal wells to accommodate the proposed completion procedure. Forest will produce both the vertical and horizontal wells.

Forest also requests that the filing of P-15's and plats not be required. As acreage is not part of the allocation formula this request will eliminate unnecessary paperwork. An exception will be the filing of as-drilled plats showing the path, penetration point and terminus of all drainholes in horizontal wells.

FINDINGS OF FACT

1. Notice of this hearing was given to all persons entitled to notice and no protests were received.
2. The Blocker (Cotton Valley) Field was discovered in 1978.
3. The Blocker (Cotton Valley) Field is classified as a non-associated field and the allocation formula is currently suspended. There are 287 gas wells completed in the field.
4. Acreage is not part of the allocation formula.
5. Forest will drill a horizontal well within 50 feet of a vertical well to optimize the fracture stimulation design for the horizontal well.
6. Well spacing a minimum of 660 feet from lease lines, 1,000 feet between like wells and 0 feet between vertical and horizontal wells will allow Forest to optimize fracture stimulation design and provide the additional flexibility needed to develop this field in an area which has numerous surface issues.

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. Amending the field rules for the Blocker (Cotton Valley) Field as proposed by Forest Oil Corporation 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 field Rules No. 2 and 3 for the Blocker (Cotton Valley) Field be amended as proposed by Forest Oil Corporation and that the allocation formula in the field remain suspended.

Respectfully submitted,

Andres J. Trevino, P.E.
Technical Examiner