



RAILROAD COMMISSION OF TEXAS

OFFICE OF GENERAL COUNSEL

OIL AND GAS DOCKET NO. 06-0275657

THE APPLICATION OF ANADARKO E&P COMPANY LP TO AMEND FIELD RULE NO. 2 FOR THE CARTHAGE (HAYNESVILLE SHALE) FIELD, ANGELINA, GREGG, HARRISON, NACOGDOCHES, SHELBY, PANOLA, AND RUSK COUNTIES, TEXAS

HEARD BY: Brian Fancher, P.G.- Technical Examiner
Michael Crnich - Legal Examiner

HEARING DATE: June 13, 2012

APPEARANCES:

REPRESENTING:

APPLICANT:

Ana Maria Marsland-Griffith
David Christian

Anadarko E&P Company LP

Sandra Bolz Buch

Devon Energy Prod. Co., LP & Chevron
USA, Inc.

EXAMINERS' REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Field Rules for the Carthage (Haynesville Shale) Field were adopted on a permanent basis in Final Order No. 06-0273280, effective December 16, 2011. The current Field Rule No. 2 in effect for the field is summarized as follows:

2. 330' lease line spacing and no minimum between well spacing with special provisions for "take points".

As indicated in the Notice of Hearing, Anadarko E&P Company LP ("Anadarko") requested that Field Rule No. 2 be amended to provide for 100' well spacing for the first and last take points in horizontal drainhole wells. At the hearing, Anadarko amended its request to provide for 200' well spacing for the first and last take points in horizontal drainhole wells.

The application was unopposed and the examiners recommend that Field Rule No. 2 for the Carthage (Haynesville Shale) Field be amended, as proposed by Anadarko.

DISCUSSION OF THE EVIDENCE

The Carthage (Haynesville Shale) Field was discovered in December 2009 at an average depth of 10,500 feet. The field is classified as non-associated and there are 41 producing gas wells with numerous operators carried on the June 2012 gas proration schedule. The field operates under Field Rules that provide for 330' lease line spacing with no minimum between well spacing and 640 acre gas proration units with optional 40 acre density.

Anadarko is proposing to further develop the field by drilling additional infill horizontal wells and requests that Field Rule No. 2 be amended to allow for 200' spacing for the first and last take points in horizontal drainhole wells from the nearest property line, lease line, or subdivision line.

In support of its application, Anadarko submitted a micro-seismic fracture geometry grid, which indicated the direction and distances of twenty-one individual frac stages performed on one well completed in the subject field. As indicated, the propagation of induced hydro-fracs in the subject well have an average fracture width of approximately 180 feet.

The current field rules in effect for the subject field govern that the first and last take points in a horizontal well may be no closer than 330 feet to any property line, lease line, or subdivision line; otherwise, if the first and last take point goes beyond this distance the well must obtain an exception to 16 TAC §3.37. As proposed, Anadarko believes that this spacing will increase the ultimate recovery from wells completed in the subject field.

FINDINGS OF FACT

1. Notice of this application and hearing was provided to all persons entitled to notice at least ten (10) days prior to the date of the hearing.
2. The Carthage (Haynesville Shale) Field was discovered in December 2009 at an average depth of 10,500 feet.
 - a. The field is classified as non-associated and there are 41 producing gas wells and numerous operators carried on the June 2012 gas proration schedule.
 - b. The field operates under Field Rules that provide for 330' property line, lease line, or subdivision line well spacing with no minimum between well spacing, 640 acre gas proration units with optional 40 acre density.
3. The proposed 200' property line, lease line, or subdivision line well spacing for the first and last take points is appropriate for the field.

- a. The proposed rule will allow additional production to be added to individual well-bores.
- b. The micro seismic data supports the closer lease line spacing, as the average frac width is 180 feet.

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 Field Rule No. 2 for the Carthage (Haynesville Shale) Field is necessary to prevent waste, protect correlative rights, and promote development of the field.

RECOMMENDATION

Based on the above findings of fact and conclusions of law, the examiners recommend that the Commission amend Field Rule No. 2 for the Carthage (Haynesville Shale) Field, as requested by Anadarko E&P Company LP.


Brian Fancher, P.G.
Technical Examiner

Respectfully submitted,

Michael Crnich
Legal Examiner