

THE APPLICATION OF ENERGEN RESOURCES CORPORATION TO AMEND FIELD RULE NO. 1 FOR THE FRYSAK FARMS (DEVONIAN) FIELD, GLASSCOCK COUNTY, TEXAS

HEARD BY: Richard D. Atkins, P.E. - Technical Examiner

HEARING DATE: March 15, 2011

APPEARANCES:

REPRESENTING:

APPLICANT:

Greg Friend
Mark Solari

Energen Resources Corporation

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Field Rules for the Frysak Farms (Devonian) Field were originally adopted in Final Order No. 8-87,782, effective July 7, 1986. The Field Rules in effect for the field are summarized as follows:

1. 933'-1,867' well spacing;
2. 320 acre gas units with optional 160 density;
3. Allocation based on 100% acres with AOF status.

Energen Resources Corporation ("Energen") requests that Field Rule No. 1 be amended to provide for 467'-660' well spacing. Energen also requests that the allocation formula remain suspended.

The application was unopposed and the examiner recommends that Field Rule No. 1 be amended for the Frysak Farms (Devonian) Field, as proposed by Energen.

DISCUSSION OF THE EVIDENCE

The Frysak Farms (Devonian) Field was discovered in January 1986 at a depth of

OIL AND GAS DOCKET NO. 08-0269362

10,500 feet. The field is classified as associated and there are 10 producing gas wells and three operators carried on the proration schedules. The allocation formula is currently suspended. Cumulative production from the field through October 2010 is 112.4 BCFG and 4.5 MMBO.

The Frysak Farms (Devonian) Field is a gas reservoir that has pressure depletion as the primary drive mechanism. The Devonian formation in this area is tight and separate completions would not be economically feasible. As a result, most of the wells are commingled with the St. Lawrence S. (Strawn) and Spraberry (Trend Area) Fields. Energen calculated that 29 MMCF of additional gas would be recovered based on a lower combined economic limit.

Since most of the wells in the Frysak Farms (Devonian) Field are commingled with the Spraberry (Trend Area) Field, Energen is proposing that the spacing rule be amended to match the Spraberry (Trend Area) Field spacing. Well spacing of 467'-660' for both fields would eliminate Statewide Rule 37 exceptions in the Frysak Farms (Devonian) Field for a regular location in the Spraberry (Trend Area) Field. In addition, identical well spacing for both fields will provide consistency in developing the fields and will allow greater flexibility in selecting future drilling locations.

Energen also requests that the allocation formula remain suspended, as there is a 100% market demand for all of the gas produced from the field.

FINDINGS OF FACT

1. Notice of this hearing was given to all persons entitled to notice and no protests were received.
2. The Frysak Farms (Devonian) Field was discovered in January 1986 at a depth of 10,500 feet.
3. The field is classified as associated and there are 10 producing gas wells and three operators carried on the proration schedules. Field Rules provide for 933'-1,867' well spacing and the allocation formula is currently suspended.
4. The Frysak Farms (Devonian) Field is a gas reservoir that has pressure depletion as the primary drive mechanism.
5. The Devonian formation in this area is tight and separate completions would not be economically feasible.
6. Most of the wells in the Frysak Farms (Devonian) Field are commingled with

OIL AND GAS DOCKET NO. 08-0269362

the Spraberry (Trend Area) Field. Energen calculated that 29 MMCF of additional gas would be recovered based on a lower combined economic limit.

7. Well spacing of 467'-660' for both fields would eliminate Statewide Rule 37 exceptions in the Frysak Farms (Devonian) Field for a regular location in the Spraberry (Trend Area) Field. In addition, identical well spacing for both fields will provide consistency in developing the fields and will allow greater flexibility in selecting future drilling locations.
8. Suspension of the allocation formula is appropriate, as there is a 100% market demand for all of the gas produced from the field.

CONCLUSIONS OF LAW

1. Proper notice was issued as required by all applicable codes and regulatory statutes.
2. All things have occurred and been accomplished to give the Commission jurisdiction in this matter.
3. Amending Field Rule No. 1 for the Frysak Farms (Devonian) Field will prevent waste, protect correlative rights and promote further development of the field.

EXAMINER'S RECOMMENDATION

Based on the above findings of fact and conclusions of law, the examiner recommends amending Field Rule No. 1 for the Frysak Farms (Devonian) Field, as requested by Energen Resources Corporation.

Respectfully submitted,

Richard D. Atkins, P.E.
Technical Examiner