



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL AND GAS DOCKET NO. 10-0287229

THE APPLICATION OF CHAPARRAL ENERGY, L.L.C., TO AMEND FIELD RULES FOR THE ALLEN-PARKER (MARMATON) FIELD, OCHILTREE COUNTY, TEXAS

HEARD BY: Paul Dubois – Technical Examiner
Terry Johnson – Hearings Examiner

HEARING DATE: March 10, 2014

APPEARANCES:

Jim Clark

REPRESENTING:

Chaparral Energy, L.L.C.

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Current field rules for the Allen-Parker (Marmaton) Field were adopted in Order No. 10-262512, effective October 22, 2009. Chaparral Energy, L.L.C. (Chaparral), proposes to amend Field Rule No. 2 (well spacing provisions) to facilitate the field development by horizontal wells with provisions for take points, no perforation zones, a 33-foot box rule, and off-lease penetration points. Chaparral proposes no changes to Field Rule 1 (correlative interval), Field Rule 3 (density) or Field Rule 4 (allocation). This application was not protested and the examiner recommends that the field rules for the Allen-Parker (Marmaton) Field be amended, as proposed by Chaparral.

DISCUSSION OF EVIDENCE

The Allen-Parker (Marmaton) Field was discovered in May 1967. In 2009 the original field rules were rescinded, the Allen-Parker (Marmaton) Field was consolidated with the Crest (Des Moines) Field, and new field rules were adopted (Docket no. 10-262512). The field is mostly located in the northeast corner of Ochiltree County, although wells are located in other parts of the county also. The same producing trend is encountered in other counties (and in Oklahoma) and designated with different field

names. The field contains 39 producing oil wells and one gas well carried on the current proration schedules. More wells have been drilled and are producing, but have not yet been placed on the Commission's proration schedules. There are about 10 operators in the field. Chaparral is an operator in the field with one completion, its 1098 Well no. 1, but this well is not yet on the proration schedule.

Cumulative production from the field through 2013 is about 11 BCFG and 8 MMBO. Some of the current production is still being reported to the Crest (Des Moines) Field, which was consolidated into the Allen-Parker (Marmaton) Field in 2009. Current monthly production for the consolidated field is about 97,000 BOPM and 140 MMCFG. About 95 percent of the current field-wide monthly production is attributable to horizontal wells drilled and completed since about 2007.

Production in this field is dependent on the wellbore encountering natural fracture systems in the reservoirs. Horizontal wellbores are more likely to transect the vertically-oriented fractures than vertical wells. Vertical wells in the field have relatively low estimated ultimate recoveries compared to the horizontal wells that transect the fracture systems. The fracture systems are oriented in an east-west direction, and so north-south oriented horizontal wells would be more effective and efficient. Fracture stimulation of the horizontal wellbores will also propagate in an east-west direction.

Chaparral is proposing to amend Field Rule 2 as follows:

- Reduce the between-well spacing from 933 feet to 660 feet for all wells and horizontal wellbores;
- Provide for 100-ft spacing from the first and last take points to the lease lines;
- Provide for no-perforation zones;
- Provide for a 33-ft box rule; and,
- Provide for off-lease penetration points.

The proposed rule changes will further encourage horizontal well development of the field by allowing the wells to access more of the reservoir space, thus increasing recovery and reducing waste.

FINDINGS OF FACT

1. Notice of this hearing was given to all persons entitled to notice and no protests were received.

2. The Allen-Parker (Marmaton) Field was discovered in May 1967.
3. In 2009 the original field rules were rescinded, the Allen-Parker (Marmaton) Field was consolidated with the Crest (Des Moines) Field, and new field rules were adopted (Docket no. 10-262512).
4. The field contains 39 producing oil wells and one gas well carried on the current proration schedules; more wells have been drilled and are producing, but have not yet been placed on the Commission's proration schedules.
5. Chaparral is an operator in the field with one completion, its 1098 Well no. 1, but this well is not yet on the proration schedule.
6. Current monthly production for the consolidated field is about 97,000 BOPM and 140 MMCFG.
7. About 95 percent of the current field-wide monthly production is attributable to horizontal wells drilled and completed since about 2007.
8. Chaparral proposes to:
 - a. Reduce the between-well spacing from 933 feet to 660 feet for all wells and horizontal wellbores;
 - b. Provide for 100-ft spacing from the first and last take points to the lease lines;
 - c. Provide for no-perforation zones;
 - d. Provide for a 33-ft box rule; and,
 - e. Provide for off-lease penetration points.
9. The proposed rule changes will further encourage horizontal well development of the field by allowing the wells to access more of the reservoir space, thus increasing recovery and reducing waste.

CONCLUSIONS OF LAW

1. Proper notice of this hearing was issued.

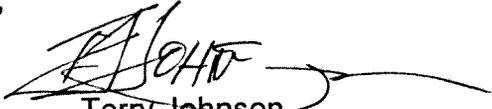
2. All things have been accomplished or have occurred to give the Commission jurisdiction in this matter.
3. Amending the Field Rules for the Allen-Parker (Marmaton) Field will prevent waste, protect correlative rights and promote development of the field.

RECOMMENDATION

Based on the above findings of fact and conclusions of law, the examiner recommends that the Commission amend the Field Rules for the Allen-Parker (Marmaton) Field, as proposed by Chaparral.

Respectfully submitted,


Paul Dubois
Technical Examiner


Terry Johnson
Hearings Examiner