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Hydrocarbon Potential of the Wolfcamp and Bone Spring along the Eastern Margin of the Delaware Basin: Ward, Winkler, and Loving Counties, Texas

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Hydrocarbons have been produced in the Delaware Basin from approximately twenty-three hundred Wolfcamp and Bone Spring vertical wells since the early 1950's. Vertical production from these formations was further established along the eastern margin of the basin in the mid-1970's with the discovery of the War-Wink South and War-Wink West fields in Ward County. The early vertical drilling in this portion of the basin resulted in mixed economic success; however, in recent years horizontal drilling and new generation completion techniques have been progressively successful in unlocking the economic hydrocarbon potential of these thick, highly over-pressured, oil-rich formations.

Felix Energy entered the Delaware Basin in the spring of 2016 through a series of acquisitions and individual lease transactions along the eastern margin of the basin in Ward, Winkler, and Loving counties; ultimately assembling approximately 60,000 net acres. Detailed regional and local subsurface work led Felix to high-grade this area of the basin and secure a core acreage position. Stratigraphic and structural interpretation of 400 square miles of recently reprocessed 3D seismic in the area has been critical in unlocking this extension of both the Wolfcamp and Bone Spring unconventional plays. Results of recent, highly commercial horizontal wells have shown that the geologic conditions and reservoir attributes are optimal for targeting hydrocarbons in several benches of thick,

organic-rich, overpressured source rocks, and other mixed lithologies, over a large area, which falls within what will be recognized as the “sweet spot” of the Wolfcamp Shale Play. Favorable industry perception of the Wolfcamp and Bone Spring hydrocarbon potential along the eastern margin of the Delaware Basin continues to evolve, and is supported by tremendous well results recently achieved by Felix and other operators in the area. Production from one and two mile laterals continue to outperform expectations and are yielding estimated ultimate recoveries of 1 – 2 MMbo per well; the largest single well oil recoveries in any US shale play to-date.

