Granite Wash Play Overview, Anadarko Basin Stratigraphic Framework and Controls on Pennsylvanian Granite Wash Production, Anadarko Basin, Texas and Oklahoma: Update*

Ed LoCricchio¹

Search and Discovery Article #80420 (2014) Posted November 24, 2014

Introduction

- Granite Wash play extends over 130 miles across 7 counties in the Anadarko Basin covering 2.5 million acres.
- Multi-stacked resource play concentrates value with potential of 40 Hz wells/section in Granite Wash.
- Almost no federal leases.
- Established infrastructure.
- Landowners and state governments are industry friendly.
- Completed wells cost range \$6-9MM.
- IP Range 50-3,500 BO and 3,000-30,000 MCFGPD.
- EUR Range 3-17 BCFE.
- Total Recoverable resources potential of 500 TCFE, (114 BBOE including NGL's).

^{*}Adapted from oral presentation given at Granite Wash and Pennsylvanian Sand Forum, Oklahoma City, Oklahoma, September 25, 2014. **Presentation is update of Search and Discovery Article #110163 (2012).**

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Anadarko Basin

Asymmetrical Basin

- >35,000' Cambrian Permian Sediments.
- Burial history suggests greatest subsidence in Lower Pennsylvanian.
- Thermal history indicates pre-GRWS source rocks entered oil generation window in Early Pennsylvanian, dry gas phase by Early Permian.

Stratigraphic Column

Key Points

- The Granite Wash and associated plays are among the most attractive domestic opportunities due to liquids-rich production, stacked pay zones, and high rates of return.
- Horizontal drilling technology, combined with advancements in multi-stage fracture stimulation, has caused a massive expansion of the resource potential with numerous attractively stacked development opportunities.
- Granite Wash is not one or two reservoirs, rather there are at least fifteen reservoirs, including at least eleven Desmoinesian reservoirs.

Challenges

- Limited published studies
- Subsurface study only, no outcrops
- Over 30,000 wells to correlate; blessing and a curse.
- Eight years ago when we started this work there were few digital logs available
- Petrophysical challenges

Radioactive minerals

Variable clay content

Low porosity and permeability

Overbalanced drilling masked Granite Wash pay

No established stratigraphic framework

Nomenclature issues are a major hurdle to overcome

Mapping Strategy

• Granite Wash divided into 11 zones (does not include Atoka Wash)

Correlate significant flooding surfaces across area of interest.

Create structure maps for each surface and project those surfaces into all wells.

Define zones based on projected surfaces to eliminate nomenclature issues and to be able to extract meaningful test, perf, and

production data

Net sand maps for each individual zone

Only wells penetrating that zone

Highlight wells with perfs in that zone

Highlight HZ wells in zone

Eleven Stacked Horizons

All GRWS zones proven productive by 100's to 1000's of vertical wells, and over 1500 Hz wells

Most Hz wells target the upper zones

Shallower drilling

More liquid rich in central portion of the play

Opportunity Overview

- One of the Most Attractive North American Resource Plays
- Basin activity supported by superior economics and longevity of the play
- Evolving resource play; several zones in early stages of technological development
- Returns competitive with the best basins in the U.S.

Conclusion

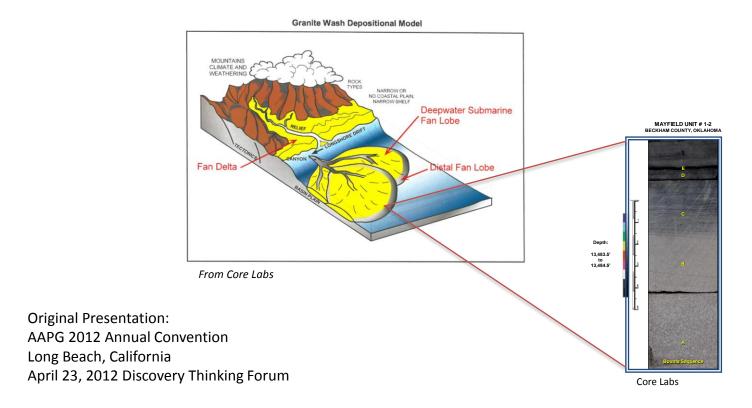
- Desmoinesian Granite Wash Play in the Anadarko Basin is one of the most active plays in the Continental United States.
- Clastics shed from the Wichita Mountain-Amarillo Uplift were deposited in the Anadarko Basin by sediment gravity flows creating a massive submarine sand complex.
- Anomalously pressured hydrocarbon system, both under- and over pressured.

- Produces both oil and gas, ratios vary laterally and vertically.
- Minimum of fifteen separate reservoirs.
- Advent of horizontal drilling technology and isolated multi-stage fracture stimulation has revolutionized play.
- New technology has enabled development of a giant field within a mature basin. As mapped today this field will take decades to develop, with new isolated reservoirs still being discovered.

Granite Wash Play Overview, Anadarko Basin

Stratigraphic Framework and Controls on Pennsylvanian Granite Wash Production, Anadarko Basin, Texas and Oklahoma

Ed LoCricchio, Atlas Exploration, LLC 2014 AAPG Forum, Oklahoma City, Oklahoma September 25, 2014



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- Grace Ford, Steve Cumella, Ed Dolly, Mike Gardner and the DBLS, Colorado School of Mines



Introduction

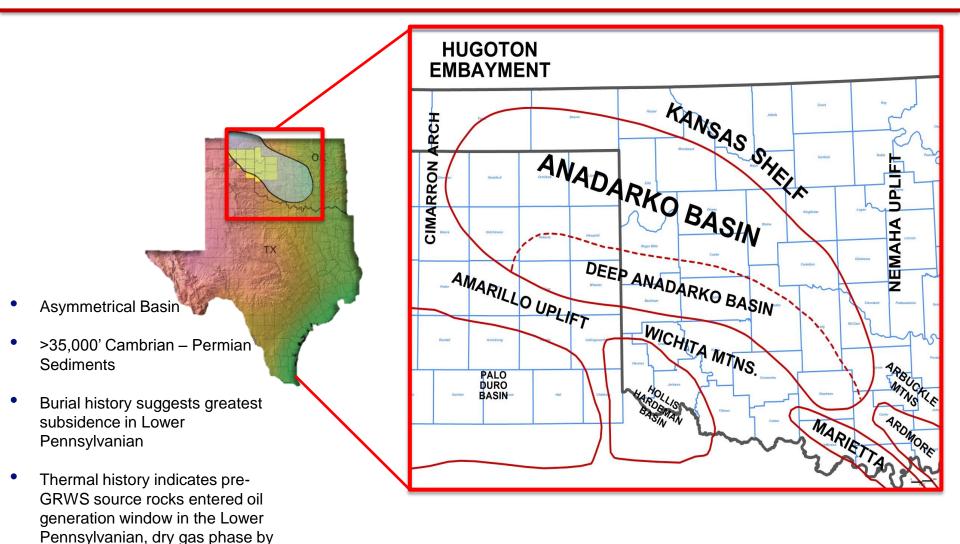
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Discussion Outline

- Location Map and Stratigraphic Column
- Play extents and expansion through time
- Depositional model and hydrocarbon system
- Challenges and hurdles to Granite Wash study
- Momenclature issues and type log
- Regional cross-sections
- Met sand isopachs
- **Conclusion**

Anadarko Basin

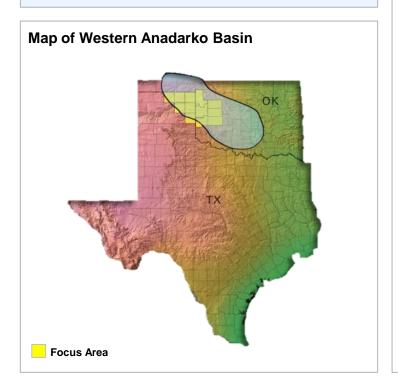
Lower Permian



Stratigraphic Column

Key Points

- The Granite Wash and associated plays are among the most attractive domestic opportunities due to liquids-rich production, stacked pay zones and high rates of return
- Horizontal drilling technology, combined with advancements in multi-stage fracture stimulation, has caused a massive expansion of the resource potential with numerous attractive stacked development opportunities



Stacked Pay Zones

Anadarko Basin			
System	Series / Epoch	Generalized Stratigraphic Column	
Lower Permian	Wolfcampian	Hugoton / Pontotoc (Brown Dolomite) Chase / Council Grove	
		Admire	
Pennsylvanian	Virgilian	Wabaunsee	-
		• 🔆 Shawnee	• *
		Douglas Tonkawa	• *
	Missourian	◆ Cottage Grove	● 5 ★
		● ★ Hoxbar / Hogshooter	Granite Wash
		• * Checkerboard	● ≒
		● ★ Cleveland	<u>● ਵੁੱ</u>
	Desmoinesian	Marmaton Group (Glover / Big Lime / Oswego)	*
		Cherokee (Skinner / Pink Lime / Red Fork)	*
	Atokan	Atoka Lime 13 Finger Lime	*
		☆ 13 Finger Lime	* * * * * * * * * * * * * * * * * * *
	Morrowan	☆ Morrow Shale / Dornick Hills Shale	*
Mississippian	Chesterian -	☆ Springer	
	Meramecian -	● ★ Meramec Lime / St. Louis	
	Osagean -	We will be a second of the second of th	
	Kinderhookian	Kinderhook / Sycamore Lime	
Devonian	Upper Devonian		
		☆ Hunton	

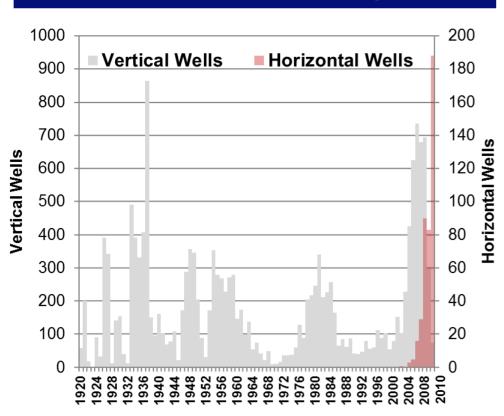
Note: Granite Wash spans from the Lower Permian to the Pennsylvanian in age. Areas marked with an oil, gas or liquids symbol represent zones present in the Western Anadarko Basin.



Anadarko Basin Goes Horizontal

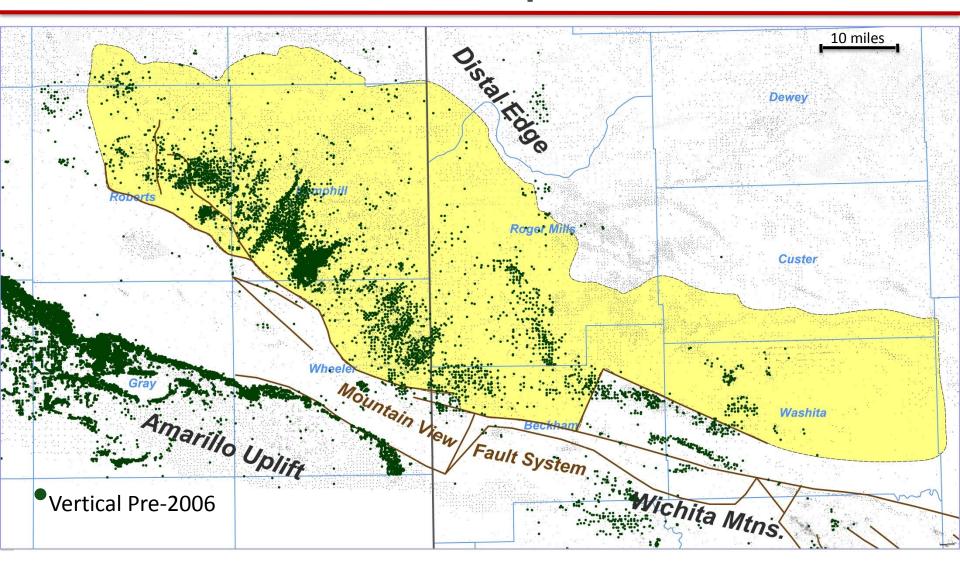
- First GRWS well 1920
- # Verticals 16,307
- First GRWS HZ 2002
- HZ Development Explodes in 2008
- # of HZ Completions 1586
- # Active GRWS HZ Rigs 33

Granite Wash Wells Completed

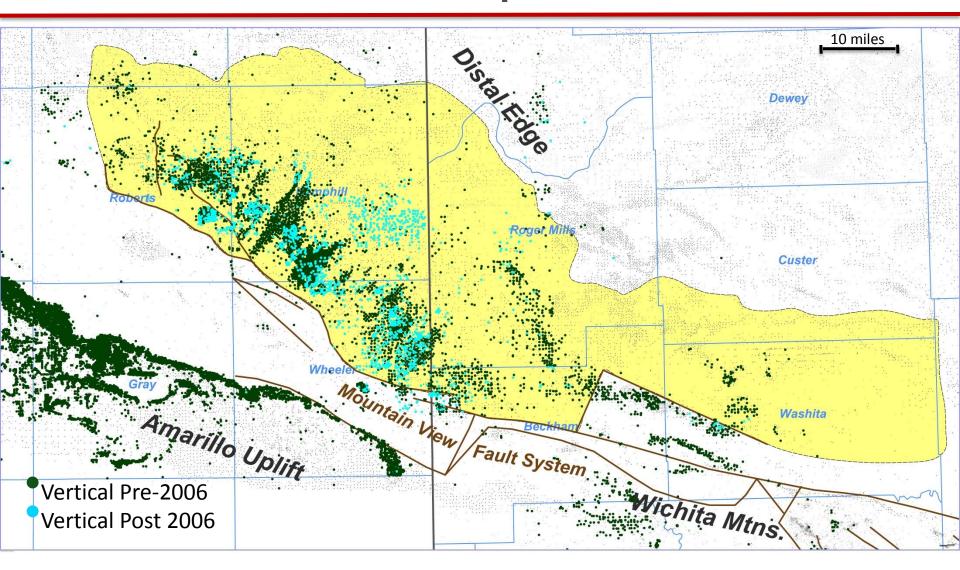


Source: IHS, Inc.

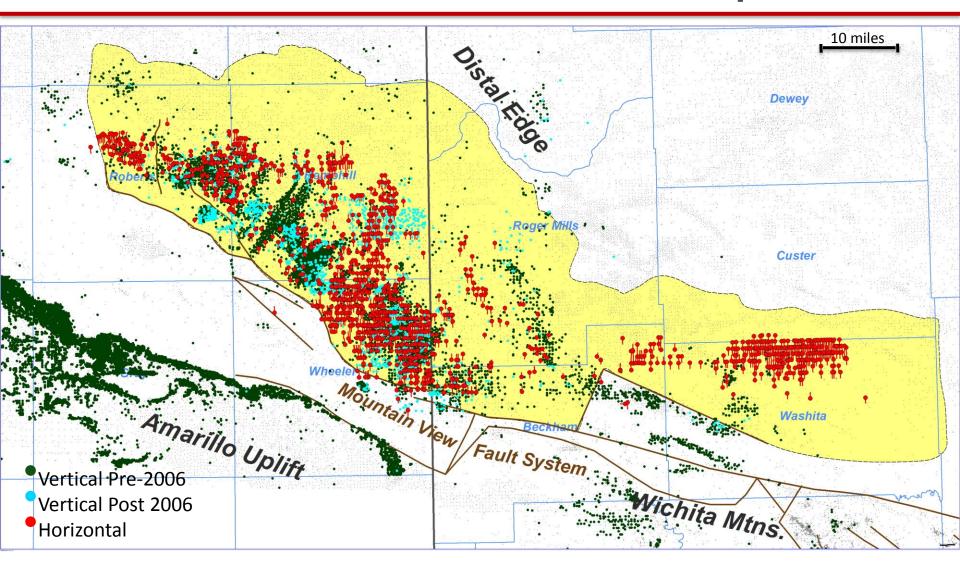
Granite Wash Vertical Completions – Pre 1/1/2006



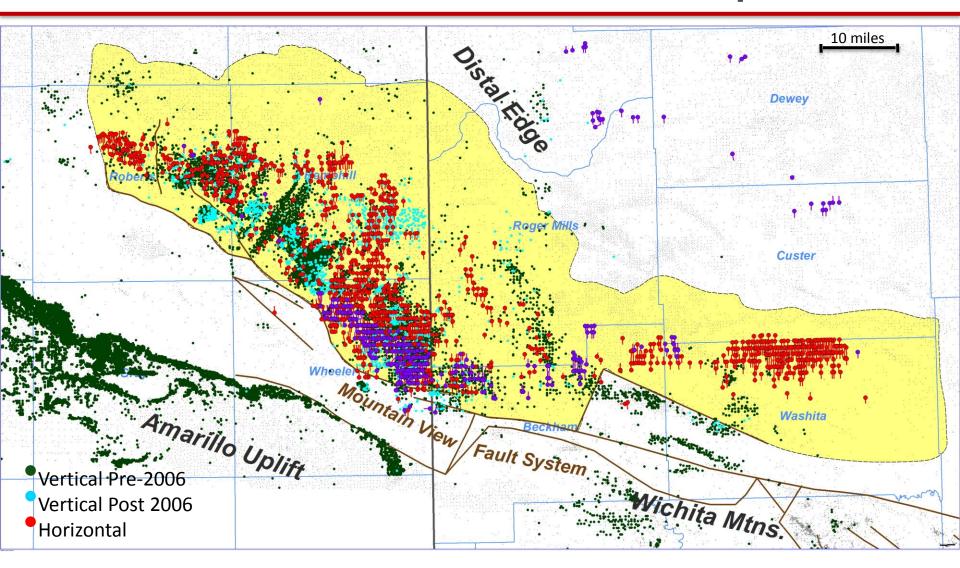
Granite Wash Vertical Completions – Post 1/1/2006



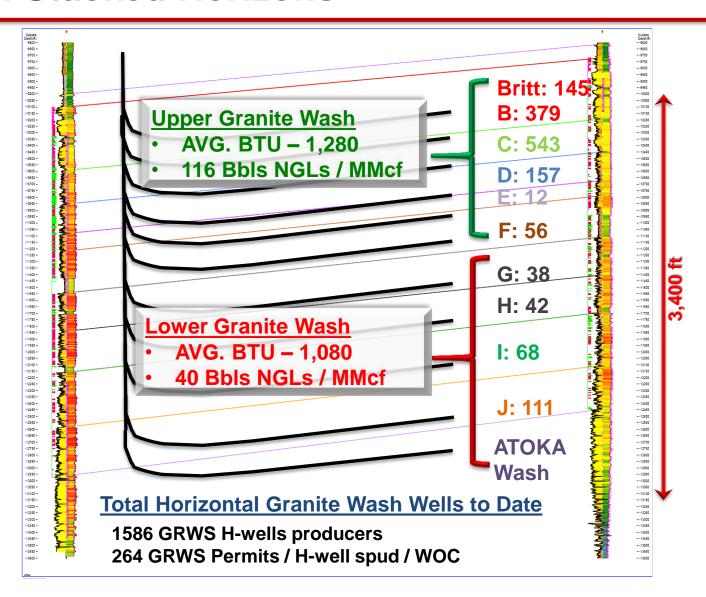
Granite Wash Vertical & Horizontal Completions



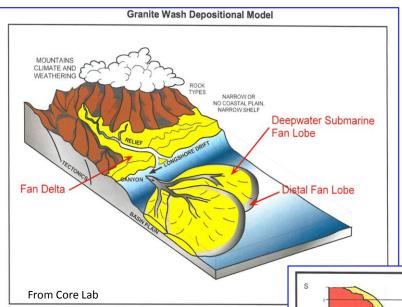
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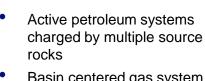
Eleven Stacked Horizons



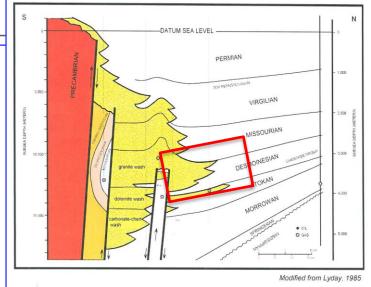
Granite Wash Depositional Model

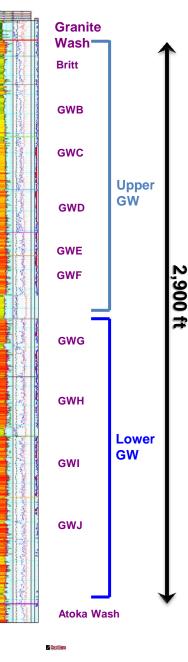


- Massive sand deposits shed off the Amarillo uplift and Wichita Mtn. to SW, >15,000 ft of GRWS deposits preserved in the rock record
- Sediments spread laterally and stacked vertically to create a submarine sand complex
- GRWS records cyclic sandstone and siltstone deposition that corresponds to submarine fan growth and abandonment
- Focus on DSMS GRWS



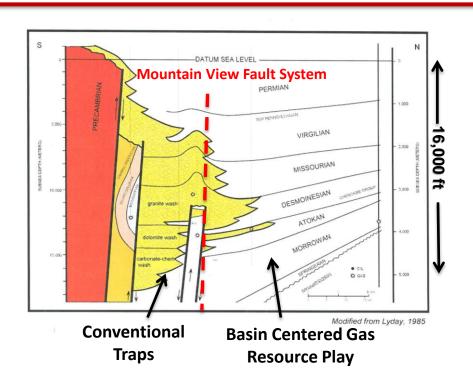
- Basin centered gas system combined with regional stratigraphic pinch-out
- Gross DSMS thickness as much as 3,400 ft
- Subdivided DSMS GRWS into 11 productive benches separated by regionally correlative shales





16,000

Two Plays: Conventional and Unconventional



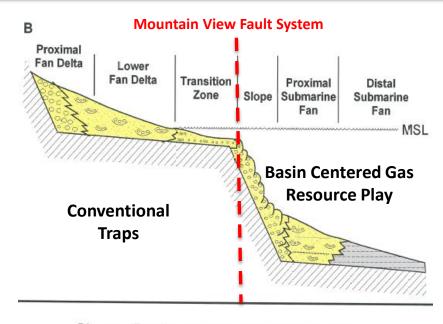


Diagram (Reading, 1986) features a depositional facies models for a fan delta with a narrow shelf.

- South of Mountain View Fault System: Conventional Traps
- Morth of Mountain View Fault System: Basin Centered Gas Resource Play

Challenges

- Perception that the Granite Wash is only one or two reservoirs
 - When it is at least fifteen reservoirs
 - At least eleven Desmoinesian age reservoirs
- Limited published studies
- Subsurface study only, no outcrops
 - Over 30,000 wells to correlate; blessing and a curse.
 - Eight years ago when we started this work there were few digital logs available
- Petrophysical challenges
 - Radioactive minerals
 - Variable clay content
 - Low porosity and permeability
 - Overbalanced drilling masked Granite Wash pay
- Mo established stratigraphic framework
- Momenclature issues are a major hurdle to overcome

What's in a name?

Numerous different styles for naming individual Granite Wash zones

Lithology Granite Wash Conglomerate Carbonate Wash

Dolomite Wash

Age Connotation Permian Wash Pennsylvanian Wash Missourian Wash Desmoinesian Wash Atokan Wash

Morrowan Wash

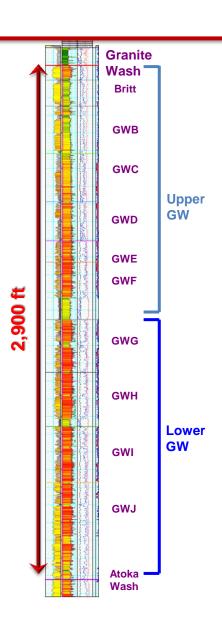
Cottage Grove Wash Hogshooter Wash Cleveland Wash Marmaton Wash Cherokee Wash Skinner Wash Red Fork Wash Atoka Wash Morrow Wash

Kansas Shelf Nomenclature

Other Colors Alpha-Numeric Inverse Alphabetic

Our Nomenclature

- Divided the Desmoinesian age Granite Wash into eleven zones
 - Separated by regionally correlative flooding surfaces
 - Frac barriers
 - At least eleven Desmoinesian age reservoirs
- System is a hybrid of Core Lab study members



Mapping Strategy

Granite Wash divided into 11 zones (does not include Atoka Wash)

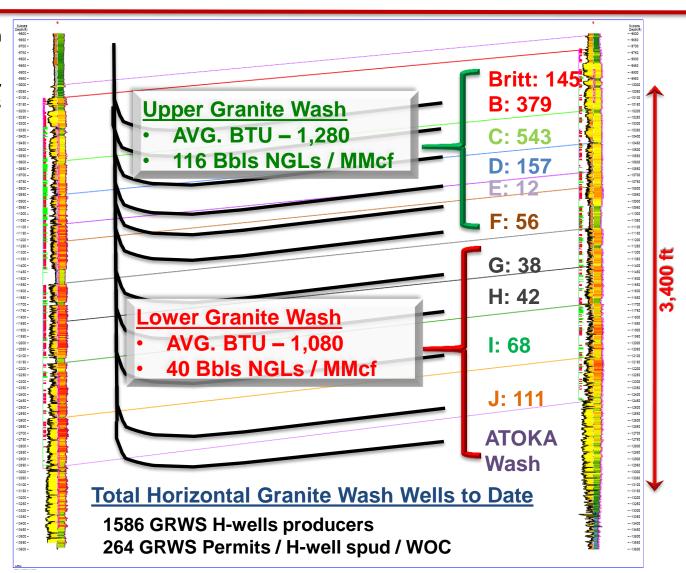
- Strategy was to correlate significant flooding surfaces across area of interest
- Create structure maps for each surface and project those surfaces into all wells
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Met sand maps for each individual zone

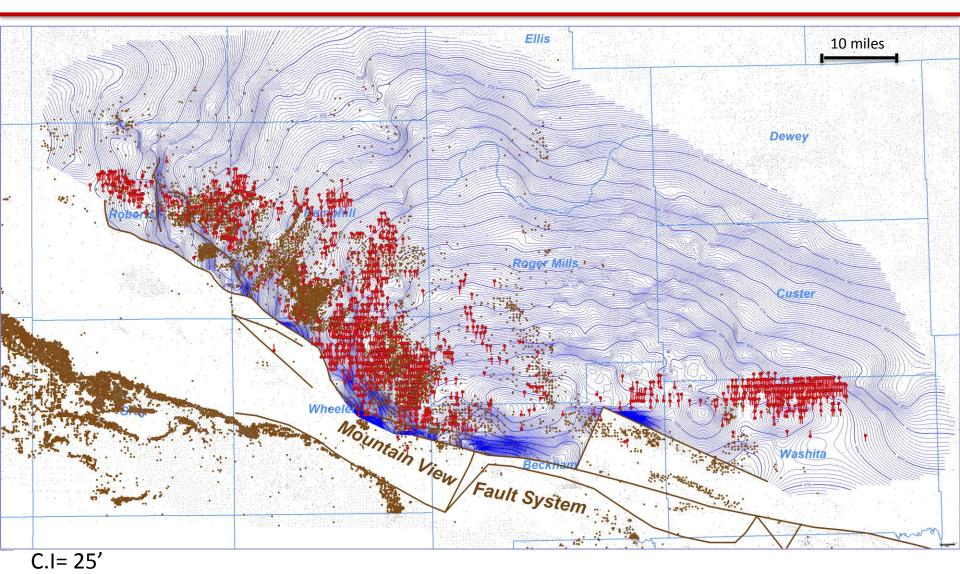
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Eleven Stacked Horizons

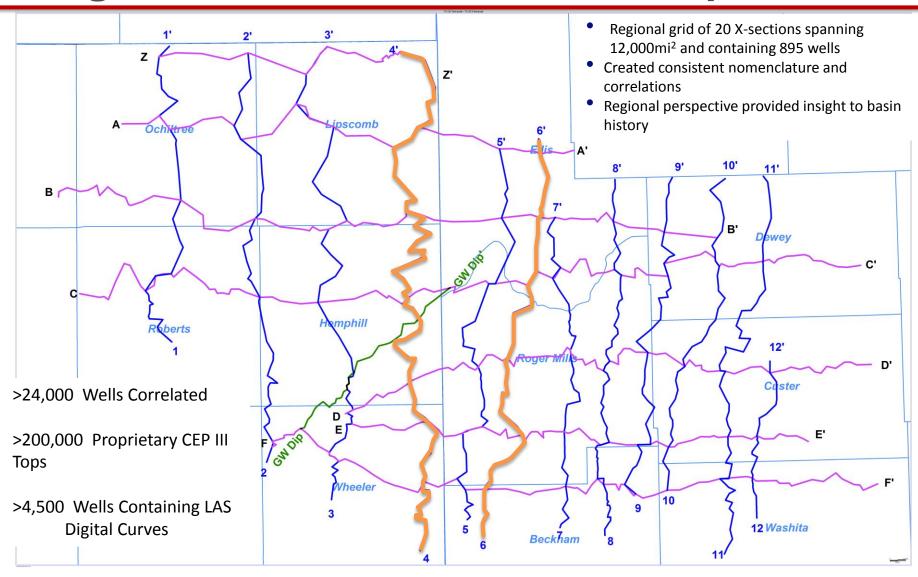
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 - More liquid rich in central portion of the play

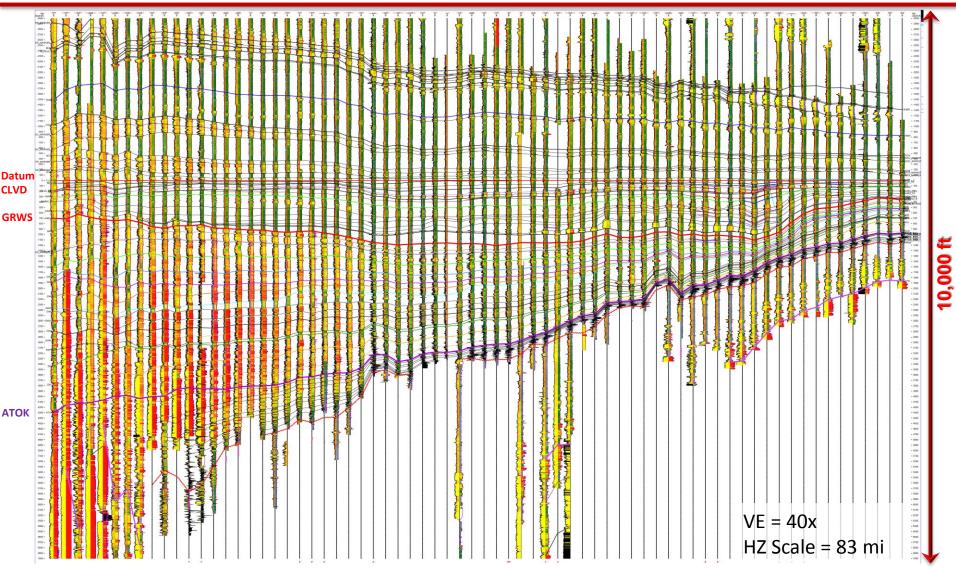


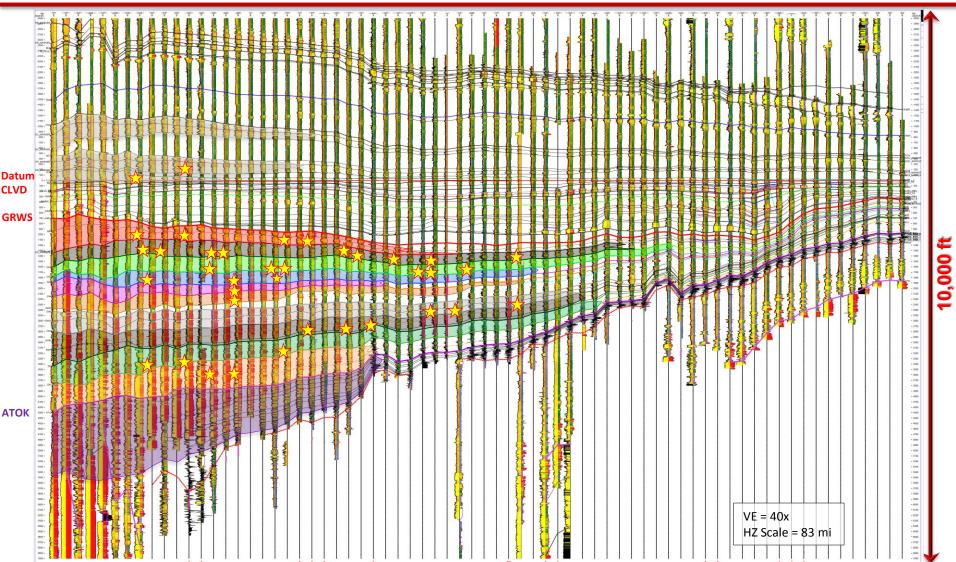
Granite Wash Structure

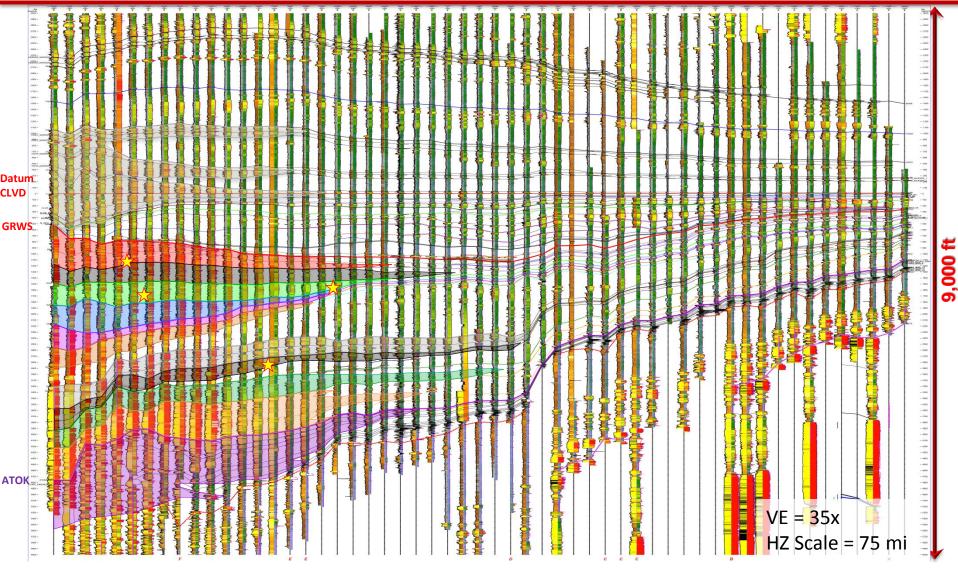


Regional Cross-Section Index Map

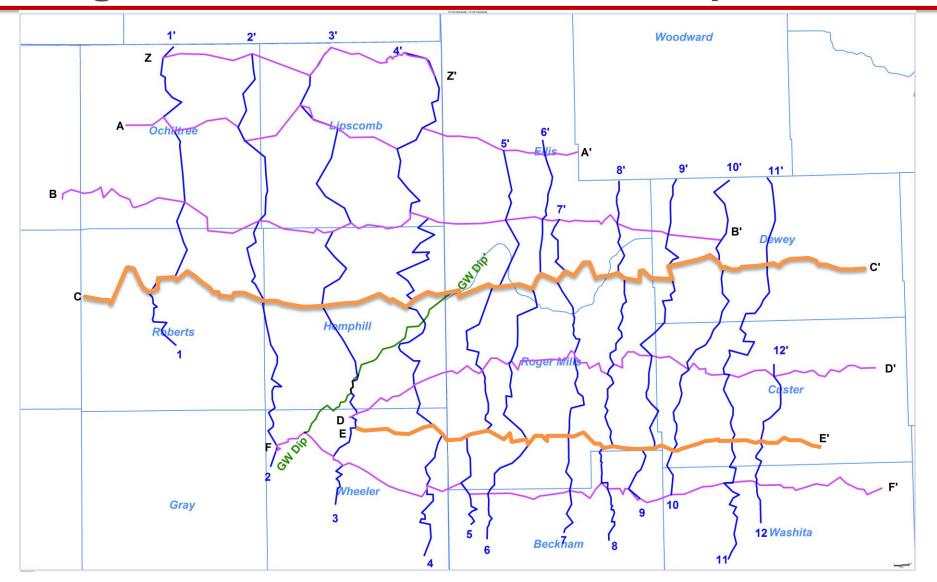


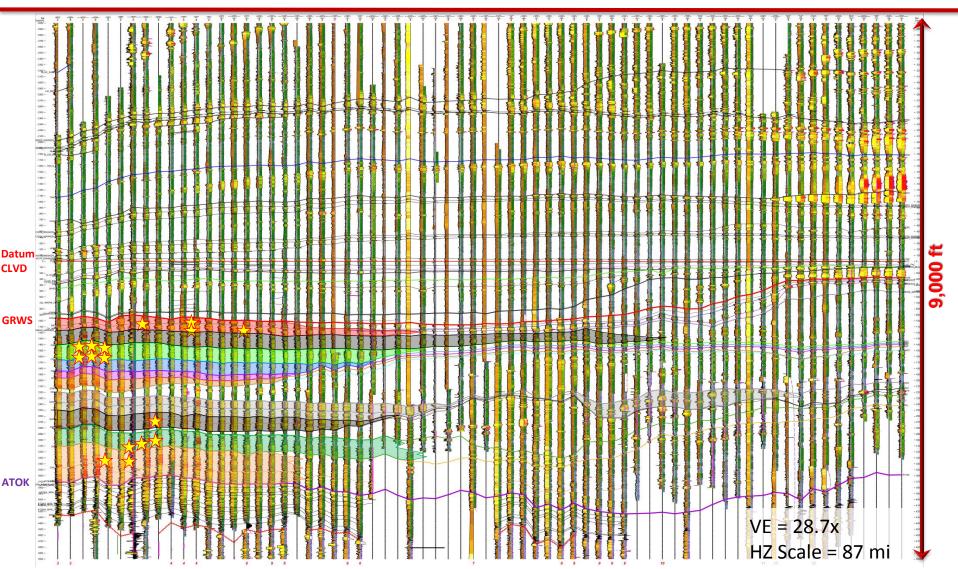


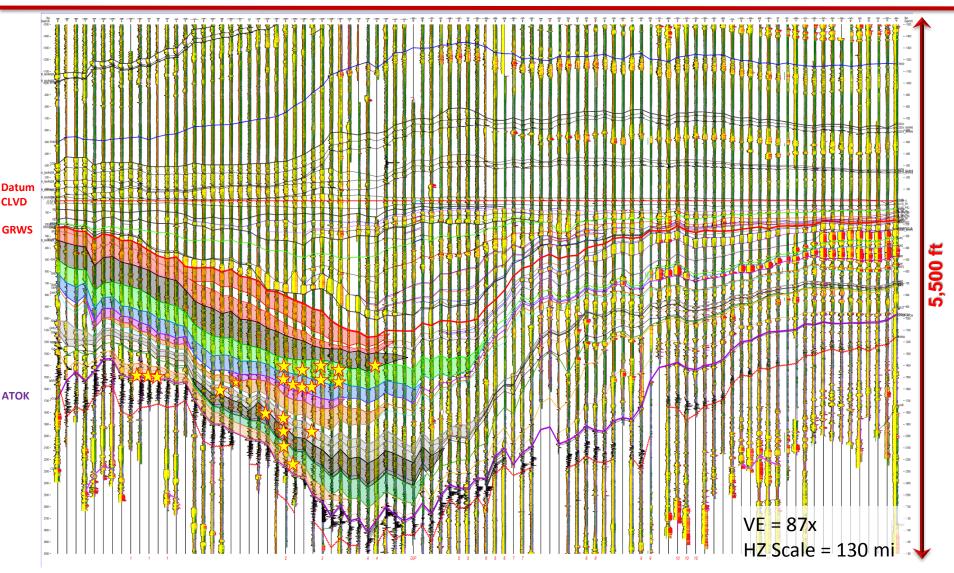


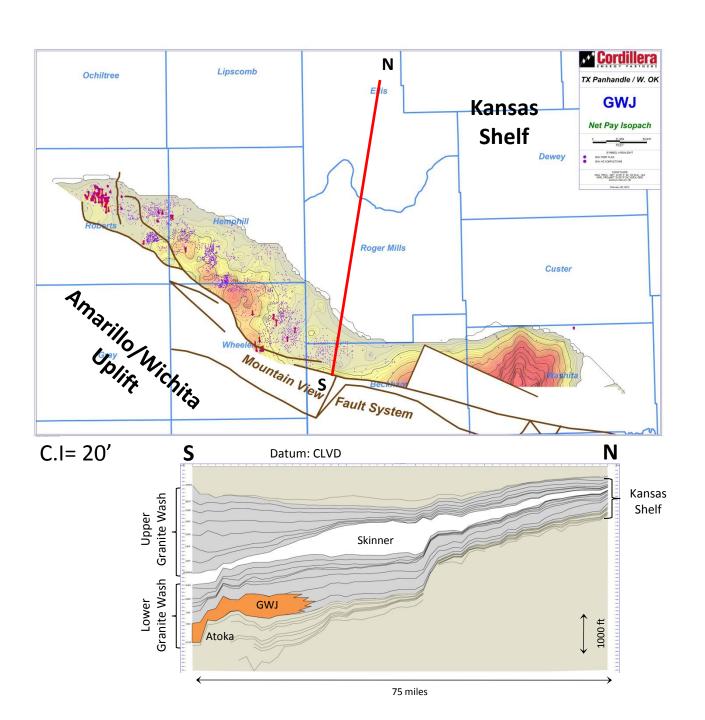


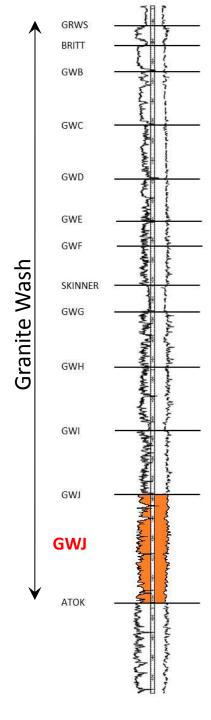
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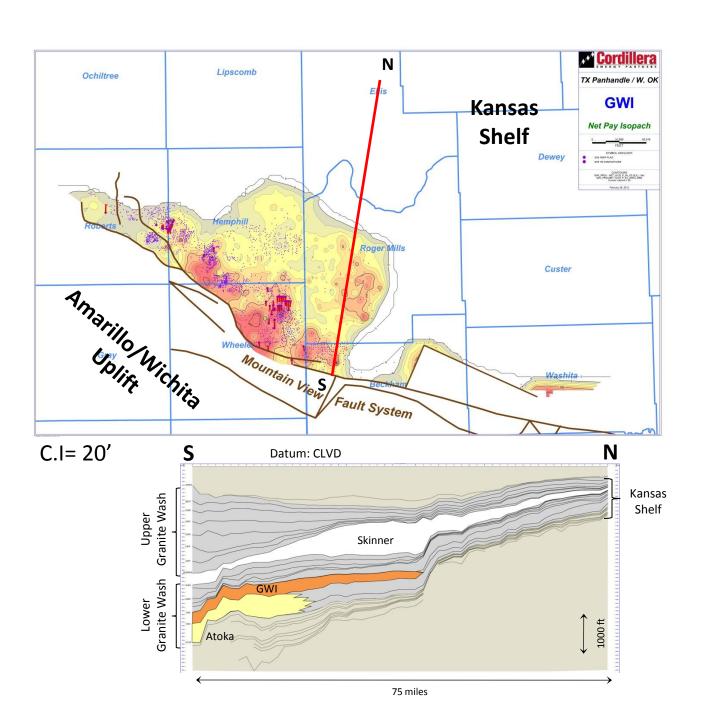


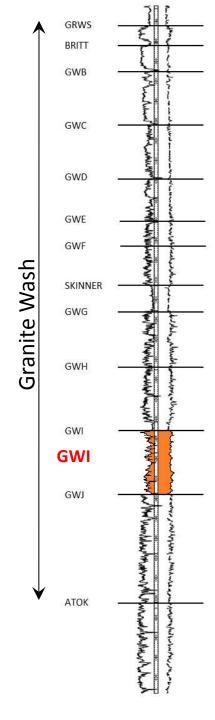


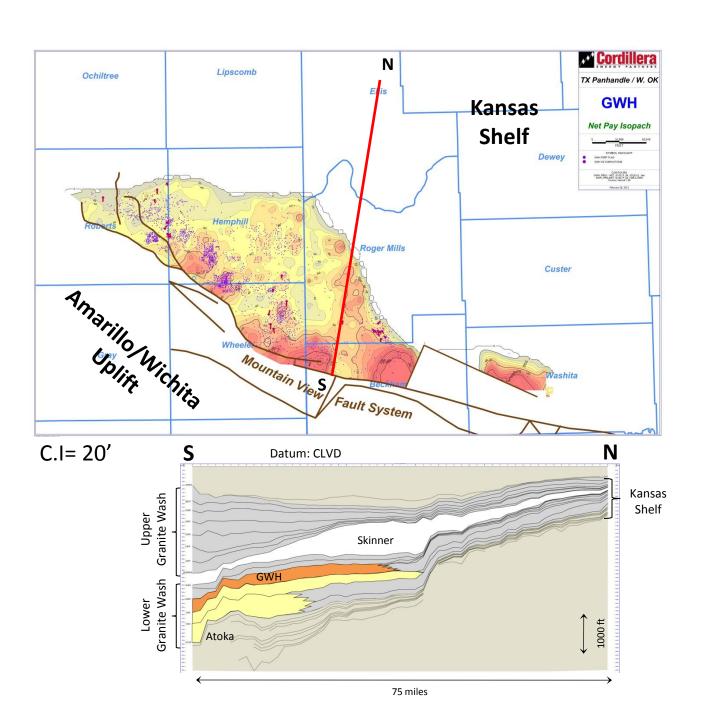


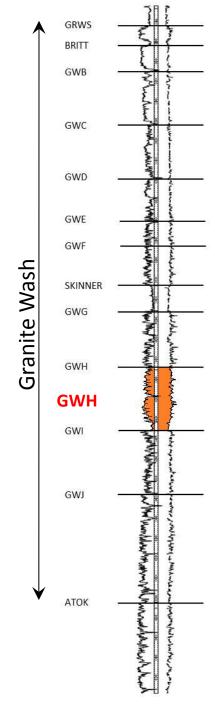


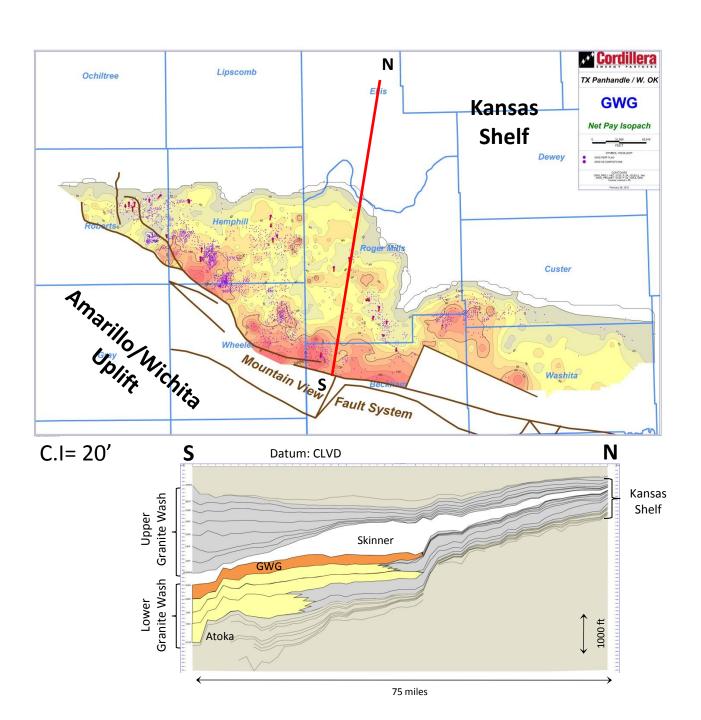


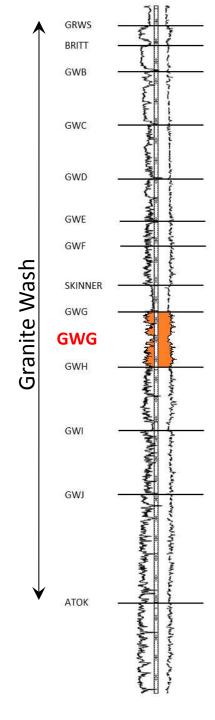


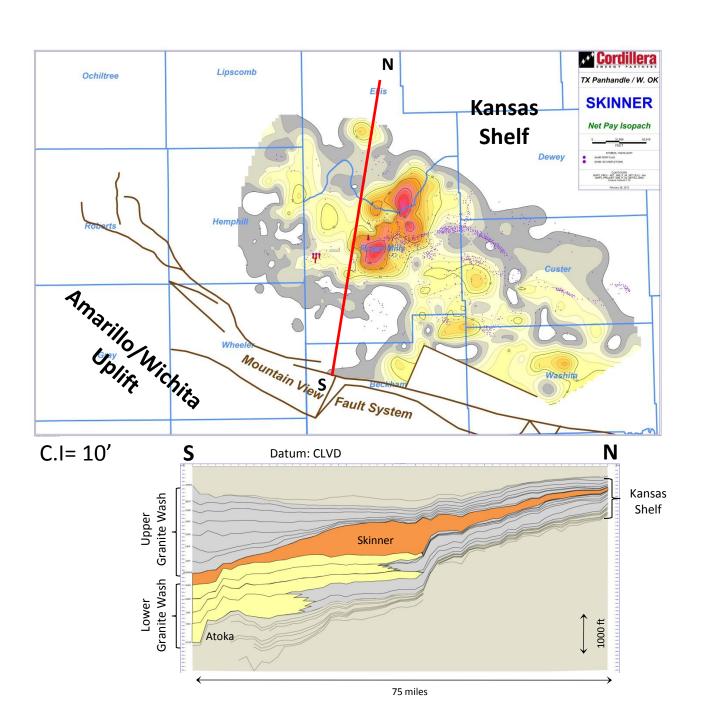


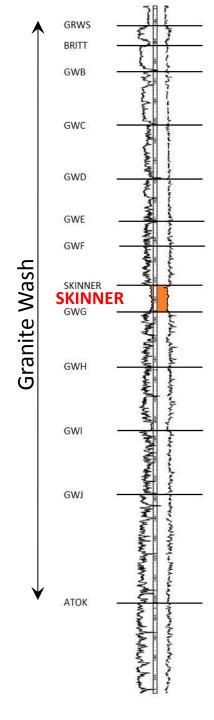


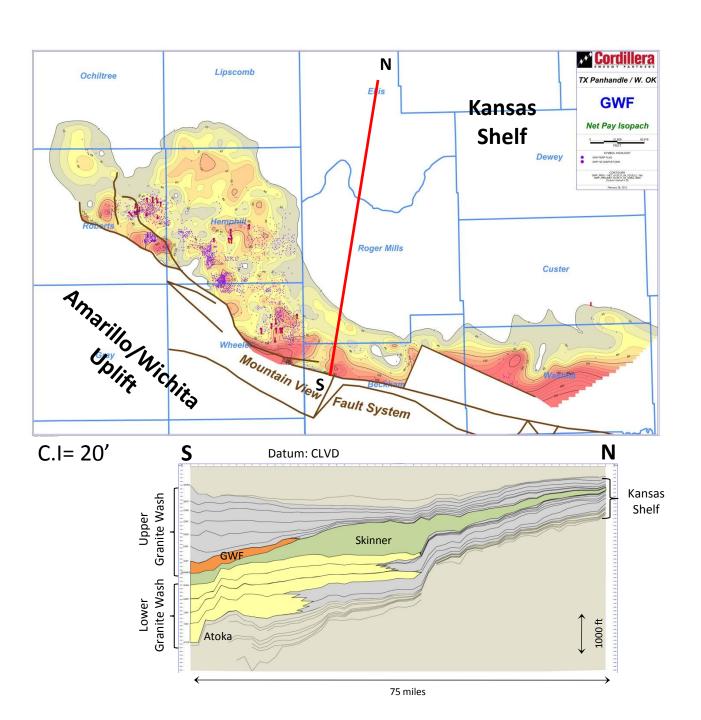


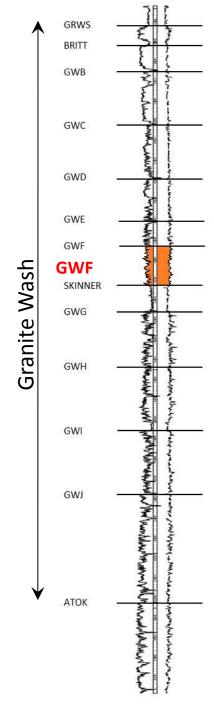


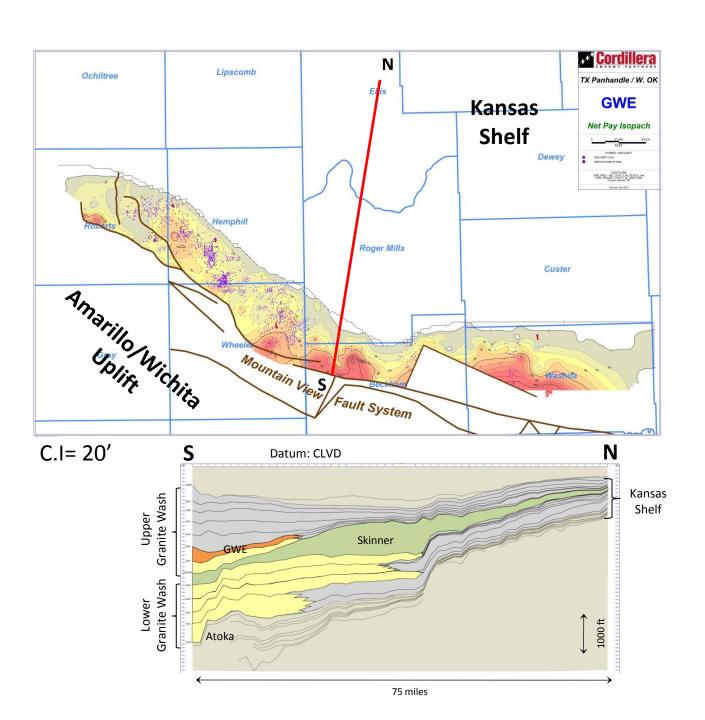


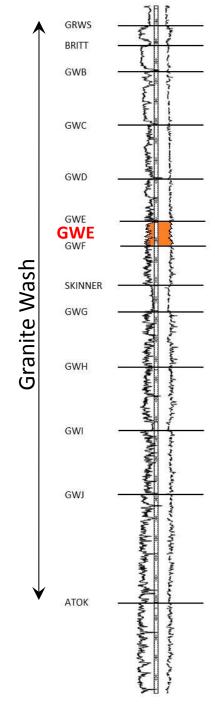


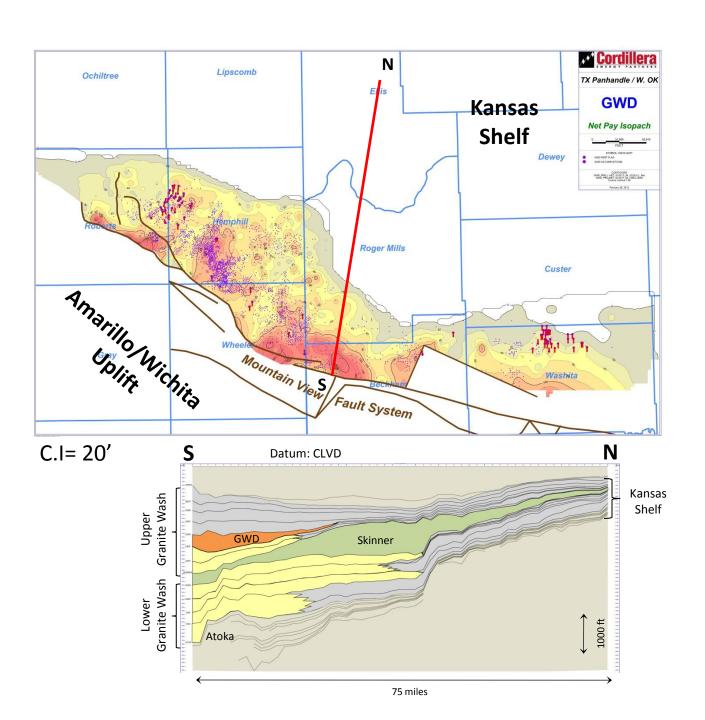


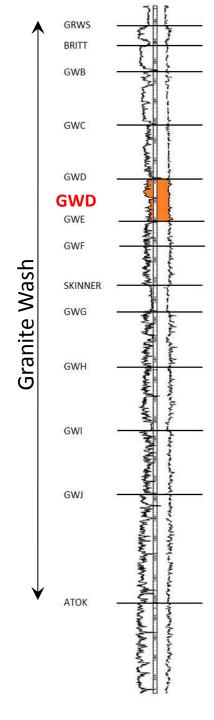


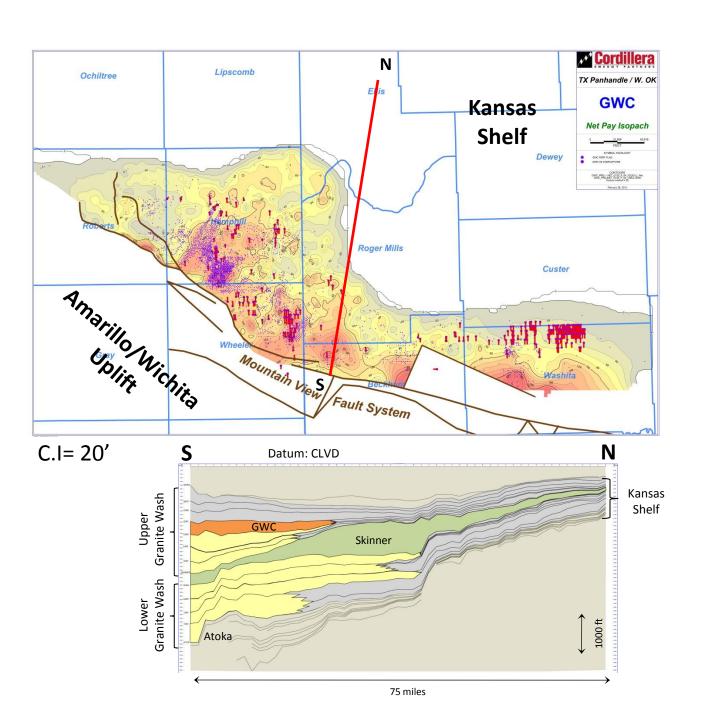


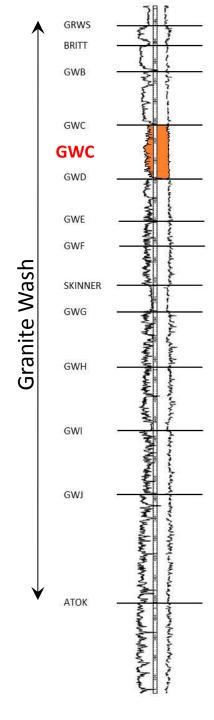


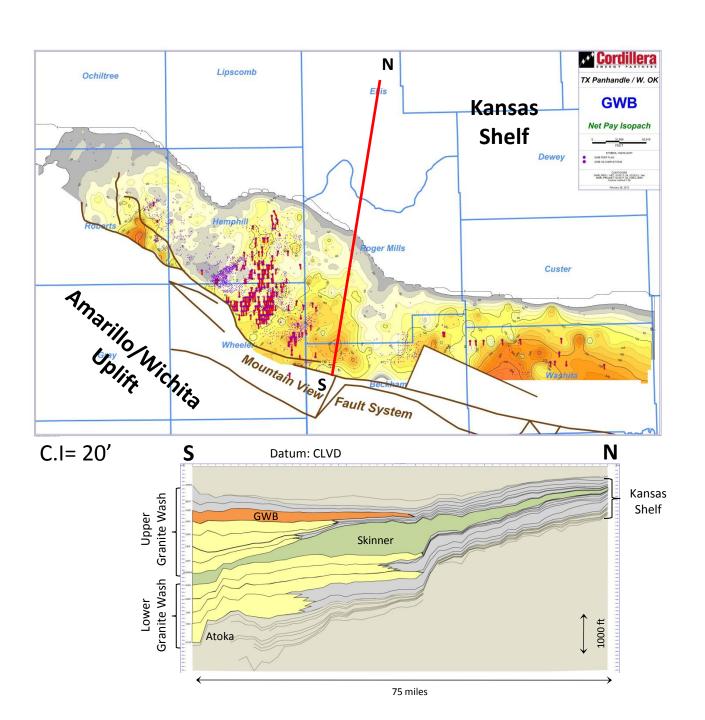


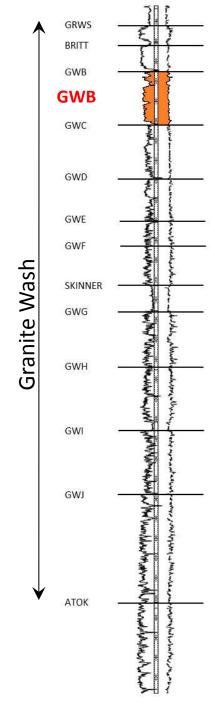


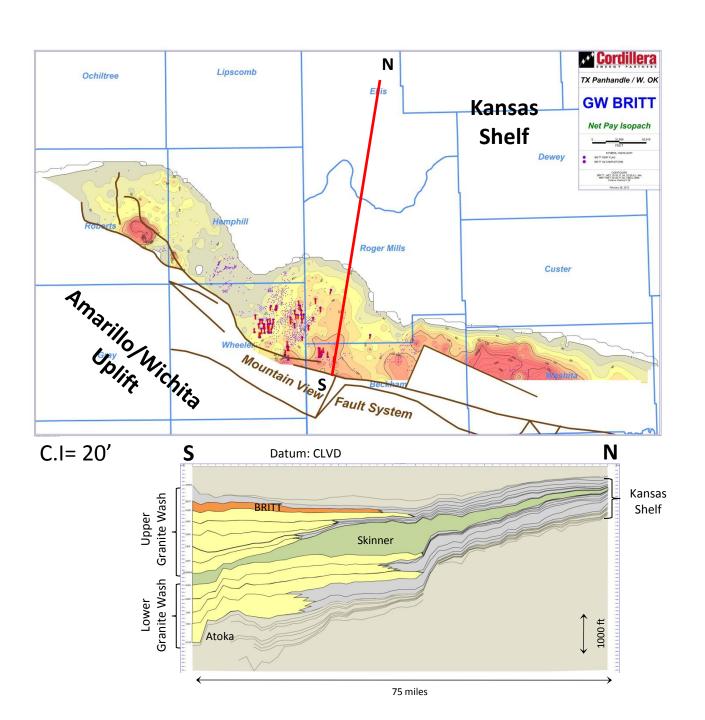


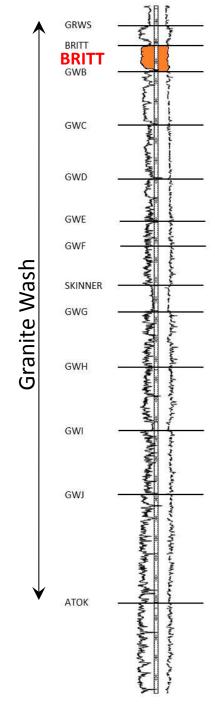












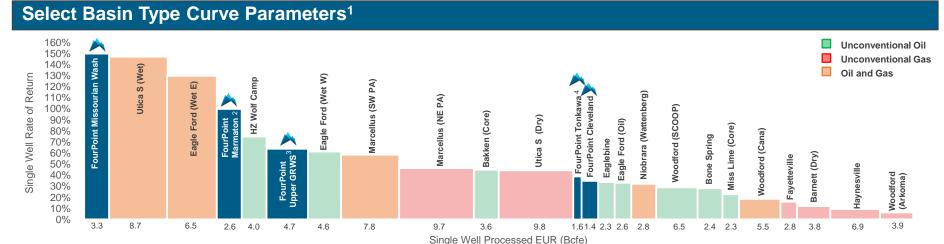
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- Evolving resource play; several zones in early stages of technological development
- Returns competitive with the best basins in the U.S.



Source: IHS Herold



¹ Source: Jefferies and Co.; May 29, 2014 NYMEX price strip.

² Includes upper and lower Marmaton Channel and Fan.

³ Includes Britt and Granite Wash B, C, and D. ⁴ Excludes TNKW Low GOR T2.

Conclusion

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- Clastics shed from the Wichita Mountain-Amarillo Uplift were deposited in the Anadarko Basin by sediment gravity flows creating a massive submarine sand complex.
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