

Chesapeake and EQT in Rogersville test phase

By NOAH BRENNER Houston 27 February 2015 00:00 GMT

Duo drilling wildcats on emerging Kentucky shale play originally considered too old and deep

APPALACHIAN giants EQT and Chesapeake Energy are drilling ahead on closely watched wildcats testing the emerging Rogersville shale play in eastern Kentucky.

EQT has asked state regulators for permission to drill the first horizontal test of the formation. The Pittsburgh-based company spud its stratigraphic test in Johnson County, Kentucky in late January and is currently drilling the well, according to local sources.

Chesapeake Energy also spud its Rogersville wildcat in late January to the north of EQT in Lawrence County, along the Kentucky-West Virginia border.

Little is known about the total depth of the wells because of Kentucky's unique regulatory treatment of stratigraphic wells. State regulators keep almost all information about stratigraphic tests, including where they are being drilled, confidential.

However, operators are not allowed to hydraulically fracture, complete or production-test such wells, Kim Collings, director of the Kentucky Division of Oil & Gas, told Upstream.

If operators want to test a stratigraphic well, they have to apply for a new permit to re-classify it, Collings said.

EQT has applied to eventually re-enter to stratigraphic test and drill a horizontal into the Rogersville, which, if approved, will be the first horizontal well into the play.

The company filed the permit under the name of a shell company — Horizontal Technology Energy Company — to conceal their involvement, according to local reports.

The Kentucky Oil & Gas Commission was meeting at press time for the first time in more than five years to rule on the permit request.

Cimarex Energy drilled the first modern Rogersville test last year — the Sylvia Young 1 — also using a shell company called Bruin Exploration.

The company later re-permitted the stratigraphic well as a producer so it could test the formation.

Those results remain confidential and are expected to be made public by the state as early as the end of the month, while local sources reported flaring during production testing at the location.

Local sources indicated that low oil prices and a preponderance of land held by conventional natural gas production have slowed leasing in the play but Continental Resources continues to add acreage both in Kentucky and West Virginia.

Sources indicate that Continental picked up an 85% interest in the deep rights on 7500 acres from

privately held Hay Exploration for an estimated \$9.4 million — \$1250 per acre — that was being marketed at the NAPE Expo in Houston.

Late last year, Continental completed initial title work to buy the Rogersville Shale rights on an undisclosed amount of acreage from partners Nytis Exploration and Liberty Energy.

Full terms of the deal were not disclosed but Continental is understood to have spent about \$20 million on the package.

The Rogersville formation is a Cambrian-aged dark-gray shale member of the Conasauga group that lies at depths ranging from 9000 to 14,000 at the base of the Rome Trough extensional basin.

The Rome Trough structure runs south-west to north-east from central Kentucky through West Virginia and into southern Pennsylvania.

The Rogersville itself is primarily a shale formation with some interbedded sandstone layers that trend from deeper to shallower going from east to west.

While it was at first considered to have been too old and too deep to generate commercial hydrocarbons, more recent analysis by state and federal geologists has indicated that it could hold potential for liquids-rich gas.