

**THE APPLICATION OF CAMDEN RESOURCES TO SUSPEND THE ALLOCATION
FORMULA FOR THE DEVIL (FRIO) FIELD, JEFFERSON COUNTY, TEXAS**

Heard by: Margaret Allen, Technical Hearings Examiner

Procedural history

Application received: June 19, 2002

Hearing held: July 24, 2002

Appearances

Don Rhodes

Robert N. Skinner

Representing

Camden Resources, Inc.

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Camden Resources is seeking to have the allocation formula for the Devil (Frio) Field suspended. Forms AOF-2 were not received from every operator in the field, though the application is unopposed.

DISCUSSION OF THE EVIDENCE

The Devil (Frio) Field was discovered in April of 2001, with the completion of the EOG Resources Wilber Lease Well No. 2, at a depth of 12,803'. The field is under Statewide Rules. The discovery well produced as much as 18 MMCF of gas per day and is now producing about 10 MMCF. This well overproduced initially, but was in a one-well field at the time that was balanced.

In February, 2002, Camden completed its Friendship Lease Well No. 1, and the Devil (Frio) Field became a prorated field. Camden did not get all of its forms filed and did not receive an allowable until March 17, 2002. The well is capable of 10 MMCF per day and by then it had accumulated 213 MMCF of overproduction. Camden began producing the well at 50% of its allowable rate and had reduced the overproduction to 155 MMCF by the end of May.

EOG, the operator of the only other well on the proration schedule, did not sign a Form AOF-2. Duke Energy Field Services purchases all the gas from both wells and states that it has a market for 100% of the deliverability of the gas from both wells.

FINDINGS OF FACT

1. Notice of at least ten (10) days was given to all operators in the field and no one appeared at the hearing in protest.
2. Camden Resources filed Forms AOF-1 and AOF-2 indicating that it has a market for 100% of the gas that can be produced from its well in the Devil (Frio) Field.
3. Camden's Friendship Lease Well No. 1 was completed as the second well in February, 2002, and

is capable of producing about 10 MMCF of gas per day.

4. The Devil (Frio) Field became a multi-well, prorated field when Camden's well was completed, but Camden's well did not receive an allowable until mid-March.
5. EOG Resources, Inc, who operates the other well in the field, did not sign a Form AOF-2.
6. There is a market for 100% of the gas produced by wells in the Devil (Frio) Field.
 - a. EOG's well has declined at a steady rate and is still producing about 10 MMCF of gas per day.
 - b. EOG's well was also overproduced during its first few months of production but was in a one-well field at the time.
 - c. The purchaser of gas from both wells, Duke Energy Field Services has stated that it has a market for 100% of the gas produced from both wells in this field.
7. The applicant's well now has 155 MMCF of overproduction, down from the 213 MMCF of overage it accumulated during its first two months of production.

CONCLUSIONS OF LAW

1. Proper notice was given as required by statute.
2. All things have been done or occurred to give the Railroad Commission jurisdiction to resolve this matter.
3. The subject field meets all the criteria established for suspension of the allocation formula under Statewide Rule 31(j).

EXAMINER'S RECOMMENDATION

Based on the above findings and conclusions, the examiner recommends that the allocation formula in the Devil (Frio) Field be suspended, as per the attached order.

Respectfully submitted,

Margaret Allen
Technical Hearings Examiner

Date of Commission Action: August 6, 2002