



RAILROAD COMMISSION OF TEXAS

OFFICE OF GENERAL COUNSEL

OIL AND GAS DOCKET NO. 10-0273414

THE APPLICATION OF PIONEER NATURAL RES. USA, INC. TO CONSIDER THE CANCELLATION OF OVERPRODUCTION FOR VARIOUS WELLS IN THE PANHANDLE, WEST (RED CAVE) FIELD, POTTER COUNTY, TEXAS

HEARD BY: Richard D. Atkins, P.E. - Technical Examiner
Gene Montes - Legal Examiner

DATE OF HEARING: January 11, 2012

APPEARANCES:

REPRESENTING:

APPLICANT:

George C. Neale
Cary MacGregor
Gary Edge
Virginia Tijerina

Pioneer Natural Res. USA, Inc.

INTERVENOR:

Jamie Nielson
Steve Towns

ConocoPhillips Company

EXAMINERS' REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Pioneer Natural Res. USA, Inc. ("Pioneer") requests that all overproduction for various wells in the Panhandle, West (Red Cave) Field be canceled. The wells are listed below:

WELL NAME

LEASE ID

Bivins Lease, Well No. 86R	085403
Crawford Lease, Well No. 5R	046069
Masterson Lease, Well No. 10R	034745
Masterson Lease, Well No. 32R	046070

<u>WELL NAME</u>	<u>LEASE ID</u>
Masterson Lease, Well No. 43R	050733
Masterson Lease, Well No. 76R	058316

The application is unopposed and the examiners recommend cancellation of the overproduction.

DISCUSSION OF EVIDENCE

The Panhandle, West (Red Cave) Field was discovered in July 1960 at an average depth of 1,600 feet. The field is classified as non-associated-prorated and there are 487 producing gas wells and 27 operators carried on the proration schedule. Pioneer is the largest operator in the field and operates 318 wells. For January 2012, the total reservoir capability is 379.2 MMCFG with a total reservoir market demand of 353.3 MMCFG. Most of the wells in the field produce at rates below 100 MCFGPD.

Due to incomplete or late filed G-10 tests and Commission delays in processing, six of Pioneer’s wells are over-produced by a total of approximately 167.2 MMCFG. The six wells are shown below:

<u>WELL NAME</u>	<u>OVER PRODUCTION (MMCFG)</u>
Bivins Lease, Well No. 86R	54.8
Crawford Lease, Well No. 5R	93.1
Masterson Lease, Well No. 10R	6.3
Masterson Lease, Well No. 32R	7.3
Masterson Lease, Well No. 43R	5.9
Masterson Lease, Well No. 76R	0.0

Pioneer requests that all of the over-production for the six subject wells be canceled. Pioneer submitted a letter from their marketing department stating that there was a 100% market demand for all of the gas produced by Pioneer. Since the over-production represents approximately one fourth of the monthly prorated gas volume, Pioneer also requests that the Commission make an adjustment to the monthly reservoir market demand equal to the total over-production in order to offset the impact on the total reservoir market demand.

FINDINGS OF FACT

1. Notice of this hearing was given to all operators in the Panhandle, West (Red Cave) Field at least ten days prior to the date of hearing.
2. The Panhandle, West (Red Cave) Field was discovered in July 1960 at an average depth of 1,600 feet.
 - a. The field is classified as non-associated-prorated and there are 487 producing gas wells and 27 operators carried on the proration schedule.
 - b. Pioneer is the largest operator in the field and operates 318 wells.
 - c. For January 2012, the total reservoir capability is 379.2 MMCFG with a total reservoir market demand of 353.3 MMCFG.
 - d. Most of the wells in the field produce at rates below 100 MCFGPD.
3. Due to incomplete or late filed G-10 tests and Commission delays in processing, six of Pioneer's wells are over-produced by a total of approximately 167.2 MMCFG.
4. The over-production represents approximately one fourth of the monthly prorated gas volume.
5. There is a 100% market demand for all of the gas produced from the field by Pioneer.

CONCLUSIONS OF LAW

1. Notice of this hearing was given as specified in the provisions of all regulatory codes.
2. All things have occurred or been accomplished to give the Commission jurisdiction in this matter.
3. Cancellation of the overproduction for the six subject wells in the Panhandle, West (Red Cave) Field will not harm correlative rights and will not cause waste.

RECOMMENDATION

Based on the above findings of fact and conclusions of law, the examiners recommend that the Commission cancel the overproduction for the six subject wells in the Panhandle, West (Red Cave) Field, as requested by Pioneer Natural Res. USA, Inc.

Respectfully submitted,



Richard D. Atkins, P.E.
Technical Examiner



Gene Montes
Legal Examiner