

January 23, 2006

OIL AND GAS DOCKET NO. 08-0245258

APPLICATION OF CONOCOPHILLIPS COMPANY FOR CAPACITY EXEMPT ALLOWABLE FOR THE EMBAR (PERMIAN) FIELD, ANDREWS COUNTY, TEXAS

HEARD BY: Thomas H. Richter, P.E.

DATE OF HEARING: December 22, 2005

APPEARANCES:

Jamie Nielson, attorney
Gregg Cloud

REPRESENTING:

ConocoPhillips Company

EXAMINER'S REPORT AND RECOMMENDATION
STATEMENT OF THE CASE

This is the unprotested application of ConocoPhillips Company for the Commission to consider approving a capacity exempt allowable for the Embar (Permian) Field. The examiner recommends approval.

DISCUSSION OF THE EVIDENCE

The Embar (Permian) Field was discovered in 1942 at a depth of 6,280' subsurface depth. The field is governed by Statewide Rules and the top allowable for a well in the field is 75 BOPD and a corresponding casinghead gas limit of 150 MCFD. There are multiple operators and 46 wells in the field. ConocoPhillips operates 32 wells on two leases covering 4,400 acres. There is an ongoing drilling program with several rigs running in the field. Cumulative production for the field is 6.9 million barrels of oil. The current daily production is 220 BOPD and 3.07 MMCFD. The gas-oil ratios range from 1000 to 80,000:1. Several of the newer wells have been granted Net-GOR authority. The drive mechanism of the reservoir is solution gas.

The field should be designated as capacity exempt as the new wells should not be penalized for exceeding the gas limit during the first few months of flush production following initial completion. Many of the wells are downhole commingled with the Embar (5600) Field which is the Upper Clearfork. The Embar (Permian) Field is the Lower Clearfork. The Clearfork Formation is a carbonate dolomite comprised of many lenticular, discontinuous members. ConocoPhillips currently has five wells penalized for exceeding the gas limit, five wells have recently been completed and six wells being drilled. Previous testing indicates that the producing GOR's are not rate sensitive.

After several months, the produced associated casinghead gas volume decreases to less than the 150 MCFD gas limit. This is a mature field with an in-fill drilling program. Securing individual per well Net-GOR's needed for short producing periods is economically inefficient for operators in the field and the Commission.

It is proposed any accrued overproduction for a lease in the subject field be cancelled.

FINDINGS OF FACT

1. Notice of this hearing was sent to all operators in the subject field at least ten (10) days prior to the subject hearing.
2. There was no protest at the call of the hearing.
3. The Embar (Permain) Field was discovered in 1942 at a depth of 6,280' subsurface depth.
 - a. The field is governed by Statewide Rules and the top allowable for a well in the field is 75 BOPD and a corresponding casinghead gas limit of 150 MCFD.
 - b. There are multiple operators and 46 wells in the field.
4. The field should be designated as capacity exempt as the new wells should not be penalized for exceeding the gas limit during the first few months of flush production following initial completion.
 - a. Many of the wells are downhole commingled with the Embar (5600) Field which is the Upper Clearfork.
 - b. Previous testing indicates that the producing GOR's are not rate sensitive.
 - c. After several months, the produced associated casinghead gas volume decreases to less than the 150 MCFD gas limit.
 - d. This is a mature field with an in-fill drilling program.
 - e. Securing individual per well Net-GOR's needed for short producing periods is economically inefficient for operators in the field and the Commission.
5. Any accrued overproduction for a lease in the subject field should be cancelled as correlative rights will not be harmed.

CONCLUSIONS OF LAW

1. Proper notice was given to all parties as set out in the provisions of all applicable codes and regulatory statutes.
2. All things have occurred and been accomplished to give the Commission jurisdiction in this matter.
3. Capacity exempt allowable status for the subject field will result in the recovery of reserves that otherwise would not be recovered. Cancellation of overproduction will not harm correlative rights.

EXAMINER'S RECOMMENDATION

Based on the above findings and conclusions of law, the examiner recommends approval of the application of ConocoPhillips for a fieldwide capacity exempt allowable for the Embar (Permian) Field.

Respectfully submitted,

Thomas H. Richter, P.E.
Technical Examiner
Office of General Counsel