RAILROAD COMMISSION OF TEXAS

OFFICE OF GENERAL COUNSEL

OIL AND GAS DOCKET NO. 8A-0261376

THE APPLICATION OF NOBLE ENERGY, INC. FOR FIELDWIDE NET GAS-OIL RATIO AUTHORITY IN THE NEWSOM (YATES) FIELD, GAINES COUNTY, TEXAS

Heard by: Donna K. Chandler on June 12, 2009

Appearances:	**Representing:**
James Bostic	Noble Energy, Inc.
Amanda Anselmi	
Steven Olson	

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Noble Energy, Inc. requests increased net gas-oil ratio authority for all wells in the Newsom (Yates) such that each well has a casinghead gas limit of 400 MCFD. Noble also requests that the field be classified as associated-prorated, with continued AOF status, and that all overproduction in the field be canceled.

This application was unprotested and the examiner recommends approval of the requested casinghead gas limit and gas field classification. It is also recommended that all overproduction in the field be canceled.

DISCUSSION OF THE EVIDENCE

The Newsom (Yates) Field was discovered in 1974. The field is currently classified as a non-associated gas field with AOF status. There are eight producing gas wells listed on the current proration schedule. Several wells have been plugged and abandoned. Production is from a depth of approximately 3,000 feet.

Noble recently plugged back its Robertson B No. 2 from the San Andres to the Yates. Noble filed Form G-1 to classify the well as a gas well. Commission staff determined that the well should properly be classified as an oil well based on the well's low gas-oil ratio and low oil gravity. Noble filed Form W-2 to classify the well as an oil well. On initial test, the Robertson B No. 2 produced at a rate of 15 BOPD, 157 MCFD and 2 BWPD. The oil gravity is 43° API. This was the first oil completion in the field. Subsequently, Noble has completed three more wells which should be classified as oil wells.

The Yates formation consists of three main producing zones locally known as the "A", "B" and "C" zones. Noble believes that the oil production comes from the "C" zone only. A structure map of the "C" shows that the zone is oil productive over only a small area, compared to the rest of the Yates. The three zones are correlatable across the area, with each zone being separated by an anhydrite member which provides a seal between the zones. Noble does not believe that the gas production from the field has an affect on the limited oil production from the "C" zone.

The top allowable for oil wells in the subject field will be 78 BOPD based on the 1965 yardstick. None of the oil wells completed to date are capable of producing in excess of 20% of the top oil allowable, which is the criteria for classifying an associated field as prorated or 49(b).

Noble tested all four oil wells to determine rate sensitivity to gas-oil ratio. These wells are the Andrews No. 7, Robertson B No. 1, Robertson B No. 2 and Wood No. 9. All four wells were tested at a minimum of three different rates. For all four wells, the producing gas-oil ratio was not materially affected by a change in rate. The highest rate of production was from the Wood No. 9, which produced at a maximum rate of 379 MCFD. For the Wood No. 9, when the well was restricted to a rate near the 156 MCFD casinghead allowable, the gas-oil ratio doubled from 55,000 cubic feet per barrel to over 120,000 cubic feet per barrel.

FINDINGS OF FACT

1. Notice of this hearing was given to all persons entitled to notice and there were no protests.

2. The Newsom (Yates) Field was discovered in 1974 as a gas field and is classified as non-associated with AOF status.

3. Noble recently plugged back its Robertson B No. 2 from the San Andres to the Yates and the well should properly be classified as an oil well, based on the well's low gas-oil ratio and low oil gravity. Noble has recently completed three more wells which should be classified as oil wells.

4. The Yates formation consists of three main producing zones locally known as the "A", "B" and "C" zones. The "C" shows has a small oil rim and gas production from this zone does not have any affect on the limited oil production.

5. The top allowable for oil wells in the subject field will be 78 BOPD based on the 1965 yardstick. None of the oil wells completed to date are capable of producing in excess of 20% of the top oil allowable, which is the criteria for classifying an associated field as prorated or 49(b).

6. All four wells oil wells were tested at a minimum of three different rates. For all four wells, the producing gas-oil ratio was not materially affected by a change in rate. The highest rate of production was from the Wood No. 9, which produced at a maximum rate of 379 MCFD.

7. Cancellation of all overproduction in the oil field will not harm correlative rights.

CONCLUSIONS OF LAW

1. Proper notice of this hearing was given to all persons legally entitled to notice.

2. All things have occurred or been accomplished to give the Railroad Commission jurisdiction in this matter.

3. Approval of increased net gas-oil ratio with a casinghead gas limit of 400 MCFD per well in the Newsom (Yates) Field will not cause waste or harm correlative rights.

4. Classification of the Newsom (Yates) Field as associated-49(b) is not necessary to prevent waste.

EXAMINER'S RECOMMENDATION

Based on the above findings and conclusions, the examiner recommends approval of fieldwide increased net gas-oil ratio authority with a casinghead gas limit of 400 MCFD per well. It is also recommended that the gas field be classified as associated-prorated and that all overproduction in the field be canceled.

Respectfully submitted,

Donna Chandler

Donna K. Chandler
Technical Hearings Examiner