

OIL AND GAS DOCKET NO. 06-0254547

THE APPLICATION OF ENCANA OIL & GAS (USA) INC. TO CONSIDER INCREASED NET GOR AUTHORITY FOR THE MCWILLIAMS BROS WELL NO. 2 IN THE PENN-GRIFFITH, W. (PETTIT, LO) FIELD, RUSK COUNTY, TEXAS

Heard by: Donna K. Chandler on December 19, 2007

Appearances:

Rick Johnston

Representing:

EnCana Oil & Gas (USA) Inc.

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

EnCana Oil & Gas (USA) Inc. requests authority to produce its McWilliams Bros. Well No. 2 under increased net gas-oil ratio authority with a daily gas limit of 242 MCFD. EnCana also requests that all overproduction for the well be canceled.

This application was unopposed and the examiner recommends approval of increased net gas-oil ratio authority with a daily gas limit of 242 MCFD and cancellation of overproduction.

DISCUSSION OF EVIDENCE

The Penn-Griffith, W. (Pettit, Lo.) Field was discovered in 1982 and is an associated field. There are three producing oil wells and no gas wells in the field at the current time. The top allowable in the field is 121 BOPD, with a casinghead gas limit of 242 MCFD per well.

The McWilliams Bros. No. 2 was completed in May 2007 and is perforated between 7,120 and 7,318 feet. EnCana originally filed completion papers to classify the well as a gas well. Commission staff notified EnCana that the well should be classified as an oil well and Form W-2 was filed on August 17. On initial test, the well produced at a rate of 35 BOPD, 411 MCFD and 14 BWPD with a GOR of approximately 11,700 cubic feet per barrel. Since completion, gas production has steadily declined and oil production has declined only slightly. By November, the well was producing 20-25 BOPD and 80-90 MCFD, with a GOR of 5,000-6,000 cubic feet per barrel. The well is producing within its allowable but it is expected that artificial lift equipment will soon be necessary, which is

expected to increase production. EnCana requests that the well be granted increased net GOR authority such that it may produce the daily allowable of 242 MCFD, with no penalized oil allowable due to high GOR.

As of November 1, the well is overproduced approximately 3,090 BO and 23,520 MMCF of gas. EnCana requests that this overage be cancelled.

FINDINGS OF FACT

1. Notice of this hearing was given to all parties entitled to notice at least ten days prior to the date of hearing.
2. The Penn-Griffith, W. (Pettit, Lo.) Field was discovered in 1982 and the top allowable in the field is 121 BOPD and 242 MCFD. There are three oil wells and no gas wells carried in this associated field.
3. The McWilliams Bros. No. 2 was completed in May 2007 and is perforated between 7,120 and 7,318 feet.
4. On initial test, the well produced at a rate of 35 BOPD, 411 MCFD and 14 BWPD with a GOR of approximately 11,700 cubic feet per barrel. Current production is 20-25 BOPD and 80-90 MCFD, with a GOR of 5,000-6,000 cubic feet per barrel.
5. The well is producing within its allowable but it is expected that artificial lift equipment will soon be necessary, which is expected to increase production.
6. Producing the well at rates of up to 242 MCFD will not cause waste.
7. The well is overproduced 3,090 BO and 23,520 MMCF of gas as of November 1.

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. Approval of increased net gas-oil ratio authority with a casinghead gas limit of 242 MCFD for the McWilliams Bros. No. 2 in the Penn-Griffith, W. (Pettit, Lo.) Field and cancellation of overproduction will not cause waste and will not harm correlative rights.

RECOMMENDATION

Based on the above findings and conclusions of law, the examiner recommends that the McWilliams Bros. No. 2 in the Penn-Griffith, W. (Pettit, Lo.) Field be authorized to produce under net gas-oil ratio authority with a daily gas limit of 242 MCFD and that all accumulated overproduction for this lease be canceled.

Respectfully submitted,

Donna K. Chandler
Technical Examiner