

**OIL AND GAS DOCKET NO. 06-0253899**

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**THE APPLICATION OF DEVON ENERGY PRODUCTION CO, L.P. TO CONSIDER INCREASED NET GOR AUTHORITY FOR THE KRUSE GAS UNIT WELL NO. 3 IN THE APPLEBY, N. (TRAVIS PEAK) FIELD, RUSK COUNTY, TEXAS**

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**Heard by:** Donna K. Chandler on December 6, 2007

**Appearances:**

Mike McElroy  
John Abernethy

**Representing:**

Devon Energy Production Co, L.P.

**EXAMINER'S REPORT AND RECOMMENDATION**

**STATEMENT OF THE CASE**

Devon Energy Production Co, L.P. requests authority to produce its Kruse Gas Unit Well No. 3 under increased net gas-oil ratio authority with a daily gas limit of 375 MCFD. Devon 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 375 MCFD and cancellation of overproduction.

**DISCUSSION OF EVIDENCE**

The Appleby, N. (Travis Peak) Field was discovered in 1980 and is an associated gas field. There are two oil wells and 75 gas wells carried in the field. The top allowable in the field is 121 BOPD, with a casinghead gas limit of 242 MCFD per well. The gas field is currently AOF status.

The Kruse Gas Unit No. 3 was completed in January 2007. The well is selectively perforated in the Travis Peak between 7,925 feet and 9,922 feet. On initial test, the well produced at a rate of 128 BOPD, 2,150 MCFD and 202 BWPD. Since completion, production has steadily declined and in August 2007, average production from the well was 8 BOPD and 451 MCFD, with a gas-oil ratio of approximately 56,000 cubic feet per barrel.

Devon began a step-rate test on the well in October 2007. With a 32/64" choke, the well produced 8-10 BOPD and 350-400 MCFD. Production was fairly constant. The well

was choked back to 24/64" and production became erratic and the well showed signs of loading. A further reduction to 18/64" caused the well to die. The well has been equipped with a plunger lift, and unless the well is on production constantly, paraffin builds up. Devon requests that it be allowed to produce the well at 375 MCFD.

The well is overproduced approximately 144 MMCF of gas. Devon 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 Appleby, N. (Travis Peak) Field was discovered in 1980 and the top allowable in the field is 121 BOPD and 242 MCFD. There are two oil wells and 75 gas wells carried in this associated field. The gas field is classified as AOF.
3. The Kruse Gas Unit No. 3 was completed in January 2007 with selective perforations in the Travis Peak between 7,925 feet and 9,922 feet.
4. On initial test, the well produced at a rate of 128 BOPD, 2,150 MCFD and 202 BWPD. Average daily production in August was 8 BOPD and 451 MCFD, with a gas-oil ratio of approximately 56,000 cubic feet per barrel.
5. When Devon restricted production from the well during a step-rate test, the well loaded and had to be equipped with a plunger lift.
6. Producing the well at rates of up to 375 MCFD will not cause waste.
7. The well is overproduced 144 MMCF of gas.

### **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 375 MCFD for the Kruse Gas Unit No. 3 in the Appleby, N. (Travis Peak) 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 Kruse Gas Unit No. 3 in the Appleby, N. (Travis Peak) Field be authorized to produce under net gas-oil ratio authority with a daily gas limit of 375 MCFD and that all accumulated overproduction for this lease be canceled.

Respectfully submitted,

Donna K. Chandler  
Technical Examiner