

THE APPLICATION OF DEVON ENERGY CORPORATION TO CONSIDER INCREASED NET GOR FOR ITS WALLACE UNIT WELL NO. 6, BETHANY, EAST (COTTON VALLEY) FIELD, PANOLA COUNTY, TEXAS

Heard by: Donna K. Chandler on October 10, 2008

Appearances:

Mike McElroy
Stephanie Brassovan

Representing:

Devon Energy Corporation

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Devon Energy Corporation requests that all overproduction for its Wallace Unit Well No. 6 in the Bethany, East (Cotton Valley) Field be cancelled. Devon had originally requested net gas-oil ratio authority but the well is now producing within its assigned casinghead gas allowable.

The application is unopposed and the examiner recommends cancellation of the overproduction.

DISCUSSION OF EVIDENCE

The Wallace Unit Well No. 6 was completed in the Bethany, East (Cotton Valley) Field in March 2007. On initial test, the well produced at a rate of 42 BOPD, 393 MCFD and 83 BWPD, with a GOR of approximately 9,200 cubic feet per barrel. The top allowable in the field is 142 BOPD and 284 MCFD. There is one other producing oil well and almost 200 gas wells. The associated gas field is AOF status.

The well has produced very erratically, slugging volumes of oil and water. Stable rates could not be obtained during testing. Production during April 2008 had decreased to less than 10 BOPD and about 160 MCFD, with 60-100 BWPD.

XTO had originally requested increased net gas-oil ratio authority for the well, but is now requesting only that all overproduction be cancelled. As of April 1, 2008, the well has accumulated casinghead gas overproduction of 24,354 MCF.

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 Wallace Unit Well No. 6 was completed in March 2007 in the Bethany, East (Cotton Valley) Field.
3. The current top allowable in the field is 142 BOPD and 284 MCFD.
4. The initial potential for the well was 42 BOPD, 393 MCFD and 83 BWPD.
5. The well has produced very erratically since completion, with slugs of water and oil being
6. Production from the well has decreased to less than 10 BOPD and 160 MCFD.
7. As of April 1, 2008,, the cumulative overage for the lease is 24,354 MCF.

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 overproduction for the Wallace Unit lease in the Bethany, East (Cotton Valley) Field will not harm correlative rights and will not cause waste.

RECOMMENDATION

Based on the above findings and conclusions of law, the examiner recommends cancellation of overproduction for the Wallace Unit lease in the Bethany, East (Cotton Valley) Field.

Respectfully submitted,

Donna K. Chandler
Technical Examiner