

THE APPLICATION OF CHEVRON MIDCONTINENT, L.P. TO APPROVE ENTITY-FOR-DENSITY AUTHORITY FOR THE PARKER UNIT, ANDREWS COUNTY, TEXAS

Heard by: Brian K. Fancher - Technical Examiner

Date of Hearing: August 09, 2011

Appearances:

Brian R. Sullivan, P.E.
David Forand
John Hagar
Ashley Lefler
Alexei V. Vyssotski

Representing:

Chevron Midcontinent, L.P.

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Chevron requests that its Parker Unit be approved as an entity-for-density for purposes such that individual wells drilled for infill development will be given the flexibility to be placed within the Parker Unit without adhering to the between well spacing requirement as set forth in permanent field rules for the Parker (Wolfcamp Consolidated) Field.

This application was initially a constituent of Oil and Gas Docket Number 08-0270155; however, due to the aforementioned docket number comprising of an application for field consolidation and adoption of permanent field rules, the examiner opined it was appropriate to sever the application of entity for density for the subject unit from the final order annotating the field rules. The action was made in an effort to maintain consistency with the majority of field rules under the jurisdiction of The Railroad Commission. The application was unopposed and the examiner recommends approval of Chevron's request to approve the Parker Unit as an entity-for-density.

DISCUSSION OF THE EVIDENCE

As previously mentioned, Chevron requests the Parker Unit be approved as an entity-for-density so that individual wells drilled for infill development of the Parker Unit will be given the flexibility to be placed within the Parker Unit without adhering to the between well spacing requirement as set forth in the proposed field rules. Representatives of Chevron testified that being granted this exception to the between well spacing requirement inside the Parker Unit will allow Chevron to place wells accordingly to maximize waterflood production within the proposed field while simultaneously prevent the waste of hydrocarbons. Chevron indicated that the Parker Unit is comprised of approximately 4,800 acres out of an estimated 6,000 acres available in the proposed field. This equates to Chevron holding approximately 80% of the total acreage comprising the proposed field.

Chevron indicated in it's testimony that approximately 63,000 Stock Tank Barrels (STBs) of waterflood oil have been recovered since the waterflood was implemented, post-unitization. Chevron testified the waterflood initiated by Union Oil of California was never fully developed, as indicated through the historical production curve of the unit transposed over the production forecast presented by Union Oil of California in the unitization application in August 1994. Chevron opines the interpolation of the two aforementioned curves suggests Union Oil of California's waterflood production forecast is approximately 80% correct, thus leaving 20% of hydrocarbons under the Parker Unit to be developed by Chevron.

FINDINGS OF FACT

1. Notice of this hearing was given to all persons entitled to notice and there were no protests.
2. The Parker Unit obtained unitization authority through the approval of Union Oil of California's application to consider unitization and secondary recovery operations for the Parker Unit in August 1994 (Oil & Gas Docket 08-0205814).
3. The Parker Unit is comprised of approximately 4,800 acres out of an estimated 6,000 acres available in the proposed field.
4. The Parker Unit has produced approximately 63,000 STBs of waterflood oil since the waterflood was implemented, post-unitization.
5. The entity-for-density status will allow developmental wells drilled within the Parker Unit to circumvent the between well spacing requirement during future secondary recovery operations.

6. The entity-for-density status will not allow wells within the Parker Unit to circumvent the lease line or survey line spacing requirement.

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 the entity-for-density, as proposed by Chevron Midcontinent, L.P., is necessary to prevent waste and protect correlative rights.
4. The proposed field rules will prevent waste, protect correlative rights, and promote development of the field.

EXAMINER'S RECOMMENDATION

Based on the above findings of fact and conclusions of law, the examiner recommends that the Commission approve the Parker Unit as an entity-for-density, as proposed by Chevron.

Respectfully submitted,

Brian K. Fancher
Technical Examiner