

OIL AND GAS DOCKET NO. 08-0262656

THE APPLICATION OF CONOCOPHILLIPS COMPANY TO CONSIDER AN MER AND NET GOR FOR EACH WELL IN THE EMBAR (DEVONIAN) FIELD, ANDREWS AND ECTOR COUNTIES, TEXAS

Heard by: Andres J. Trevino on September 22, 2009

Appearances:

Jamie Nielson
Greg Cloud

Representing:

ConocoPhillips Company

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

ConocoPhillips Company requests approval of an MER of 1,500 BOPD and an increased net gas-oil ratio authority with a daily gas limit of 4,000 MCFD for each well in the Embar (Devonian) Field. ConocoPhillips also requested that all overproduction for the wells be canceled. A further review by the applicants representatives determined that none of the leases in the field are not overproduced. ConocoPhillips Company is the only operator in the field.

The application is unprotested and the examiner recommends approval of the requested MER of 1,500 BOPD and an increased net gas-oil ratio authority with a daily gas limit of 4,000 MCFD.

DISCUSSION OF EVIDENCE

The Embar (Devonian) Field was discovered in 1954 upon completion of the Embar "B" No. 3 by Phillips Petroleum. The Embar (Devonian) Field operates under Special Rules. ConocoPhillips received an MER of 1,250 BOPD and an increased net gas-oil ratio authority with a daily gas limit of 2,500 MCFD for each well in the field upon issuance of Final Order No. 08-0254565 on July 15, 2008.

In October 2008 ConocoPhillips completed the Worker Bee "D" No. 3. The Worker

Bee "D" No. 3 produced at a rate of 836 BOPD, 2,338 MCFD and 448 BWPD after a fracture stimulation treatment. In June 2009, the well was produced on a 48/64" choke, oil production increased and stabilized at 1,500 BOPD and the GOR declining slightly from 2,500 to about 2,200. Gas production averaged 3,500 MCFPD and peaked near 4,000 MCFPD. Water production remained steady at 500 BWPD. In mid August the well was shut in due to oil gathering line issues. Production was reestablished on a 46/64" choke at a lower rate than before. Oil production gradually increased to a maximum of 1,000 BOPD, Production data shows when the well was choked back from 48/64ths to 46/64ths the GOR increased from 2,200 to 3,200 cubic feet per barrel. ConocoPhillips is hopeful the well will recover and produce at rates prior to it being shut in.

These wells are completed in Devonian age deposits that are faulted into isolated blocks. The productive interval found in each well varies from 34 feet to over 1,300 feet in the Worker Bee "D" No.1. The variability in a well's productivity is related to the well's productive interval thickness. The variability in a well's productive interval can not be predicted due to the complexity associated with the faulted blocks and internal faulting within each block. ConocoPhillips has drilled an well in the same block as the Worker Bee "D" No. 3 is completed in and anticipates similar production rates near 1,500 BOPD. The partial testing indicates that wells in the field can produce at rates up to 1,500 BOPD and 4,000 MCFD without causing waste.

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 Embar (Devonian) Field was discovered in 1954 upon completion of the Embar "B" No. 3 by Phillips Petroleum. There are currently eight producing wells in the field, all operated by ConocoPhillips.
3. The Embar (Devonian) Field operates under Special Rules. ConocoPhillips received a field-wide MER of 1,250 BOPD and an increased net gas-oil ratio authority with a daily gas limit of 2,500 MCFD for each well in the field upon issuance of Final Order No. 08-0254565 on July 15, 2008.
4. Production data of the Worker Bee "D" No. 3 indicates that producing at rates of up to 1,500 BOPD and 4,000 MCFPD will not cause waste.
 - a. During partial testing, the choke size was decreased from 48/64" to 46/64" during the testing and oil production decreased from an average of 1,500 BOPD to 1,000 BOPD.
 - b. The casinghead gas production decreased from 3,500 MCFD to approximately 3,200 MCFD

- c. During partial testing, the gas oil ratio increased from about 2,200 cubic feet per barrel to about 3,200 cubic feet per barrel.
5. The field is completed in Devonian age deposits that are faulted into isolated blocks.
 - a. The productive interval varies from 34 feet to over 1,300 feet in the Worker Bee "D" No.1.
 - b. The isolated fault blocks are faulted within each block.
 - c. Production data indicates the wells are producing by solution gas drive mechanism.

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 an MER of 1,500 BOPD and an increased net gas-oil ratio authority with a daily gas limit of 4,000 MCFD for each well in the Embar (Devonian) Field will not cause waste and will not harm correlative rights.
4. Cancellation of overproduction in the Embar (Devonian) Field will not cause waste or harm correlative rights.

RECOMMENDATION

Based on the above findings and conclusions of law, the examiner recommends approval of an MER of 1,500 BOPD and an increased net gas-oil ratio authority with a daily gas limit of 4,000 MCFD for each well in the Embar (Devonian) Field.

Respectfully submitted,

Andres J. Trevino
Technical Examiner