OIL AND GAS DOCKET NO. 08-0270698

THE APPLICATION OF NEARBURG PRODUCING COMPANY TO CONSIDER AN MER FOR ALL WELLS IN THE PEAK VICTOR (DEVONIAN) FIELD, CRANE COUNTY, TEXAS

Heard by: Andres J. Trevino on June 24, 2011

Appearances:	**Representing:**
D. Davin McGinnis	Nearburg Producing Company
Tim Speer	

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Nearburg Producing Company ("Nearburg") requests approval of an MER of 200 BOPD for each well in the Peak Victor (Devonian) Field. Nearburg also requests that all overproduction for the wells be canceled. Nearburg is the only operator in the field.

The application is unprotested and the examiner recommends approval of the requested MER of 200 BOPD and cancellation of overproduction for all wells in the field.

DISCUSSION OF EVIDENCE

The Peak Victor (Devonian) Field was discovered in October 1988 at a depth of 5,400 feet. The field has six producing oil wells carried on the proration schedule and operates under Statewide Rules. Nearburg is the only operator in the field. The top allowable is 102 BOPD. In February 2011 Nearburg was granted authority through Oil and Gas Docket 08-0268005 to produce all wells with an increased Net GOR casinghead gas allowable of 1,000 MCFGPD. The field cumulative production through June 2011 is 613.4 MBO and 3.26 BCF of gas.

The Devonian reservoir is a chert and there is no gas cap in the field. The main drive mechanism is a solution gas drive with the field bottomhole pressure at or near the bubble point of 2,500 psi. Once a well begins producing below the bubble point, it experiences decreasing oil production, increasing gas production and higher well GORs. Testing of the Peak Victor 77 Lease, Well No.1 demonstrates the well is not rate sensitive. Testing for the Net GOR hearing also demonstrated that the wells were not rate sensitive. The testing indicate that wells in the field can produce at rates up to 200 BOPD and 1,000 MCFD without causing waste. Producing at rates up to 200 BOPD will not harm the reservoir and will prevent from leaving oil behind in the reservoir. It is requested that all over production

in the field be canceled.

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 Peak Victor (Devonian) Field was discovered in October 1988 at a depth of 5,400 feet. There are currently six producing oil wells in the field, all operated by Nearburg.

3. The top allowable in the field is 102 BOPD and casinghead gas limit of 1,000 MCFGPD and the field operates under Statewide Rules.

4. Nearburg received an increased Net GOR casinghead gas allowable of 1,000 MCFGPD for all wells in the Peak Victor (Devonian) Field upon issuance of Final Order No. 08-068005 on February, 2011.

5. Production data of the Peak Victor 77 Lease, Well No.1 indicates that producing at rate of up to 200 BOPD will not cause waste.

    a. The main drive mechanism is a solution gas drive with the field bottomhole pressure at or near the bubble point of 2,500 psi.

    b. Testing of the Peak Victor 77 Lease, Well No.1 demonstrates the well is not rate sensitive. Testing for the Net GOR hearing also demonstrated that the wells were not rate sensitive.

6. The Peak Victor (Devonian) Field leases are overproduced by 3,017 barrels.

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 200 BOPD for each well in the Peak Victor (Devonian) Field will not cause waste and will not harm correlative rights.

4. Cancellation of overproduction in the Peak Victor (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 200 BOPD for each well in the Peak Victor (Devonian) Field. It is further recommended that all overproduction in the field be cancelled.

Respectfully submitted,

Andres J. Trevino
Technical Examiner