

May 12, 2006

OIL & GAS DOCKET NO. 8A-0246684

APPLICATION OF APACHE CORPORATION TO CONSIDER AN MER FOR THE DAVIS-ATKINS LEASE WELL NO. 1 IN THE VON ROEDER, W. (CLEAR FORK) FIELD, BORDEN COUNTY, TEXAS

HEARD BY: Thomas H. Richter, P.E.

DATE OF HEARING: May 4, 2006

APPEARANCES:

Bill Spencer

REPRESENTING

Apache Corporation

EXAMINER'S REPORT AND RECOMMENDATION
STATEMENT OF THE CASE

This is the unprotested application of Apache Corporation for Commission consideration for the Davis-Atkins Lease Well No. 1 for an MER of 255 BOPD. It is also proposed that all oil production in excess of the assigned allowable be canceled effective the date of the Order. The examiner recommends approval.

DISCUSSION OF THE EVIDENCE

The Von Roeder, W. (Clear Fork) Field was discovered in 1969 at 4,338' subsurface depth. The field is governed by Special Field Rules and the top allowable for a well in the field is 158 BOPD. There are two operators in the field and Apache operates 5 of the 6 wells.

The Apache Corporation, Davis-Atkins Lease Well No. 1 was completed June 12, 2004 through perforations from 4,560' to 4,566' subsurface depth. The well potentialed at 405 BOPD, 37 MCFD and 18 BWPD. The well produces using artificial lift. On July 11, 2005, the subject well was granted an MER of 225 BOPD (Order No. 8A-0242840).

An MER of 255 BOPD will not result in reduction of the ultimate recovery of reserves. In the 2005 hearing, Apache submitted that the fluid level above the downhole pump was 961'. The downhole pump is set 50' below the lowest perforation in the well. A fluid level test was recently performed on the well and the fluid level was recorded at 1,705' above the pump. The excessive fluid level hinders fluid entry into the wellbore. The well was tested at different rates by changing pump rate and/or stroke length. The optimum rate was determined to be ± 250 BOPD. The fluid level was determined to be 450' above the downhole pump. The gas rate remained relatively constant between 100 and 110 MCFD.

It is proposed that the oil produced in excess of the assigned allowable on the Davis-Atkins Lease (68727) be canceled.

FINDINGS OF FACT

1. Notice of this application was given to all persons entitled to notice at least ten (10) days

prior to the hearing.

2. There was no protest of the application.
3. The Von Roeder W. (Clear Fork) field was discovered in 1969 at 4,338' subsurface depth. The field is governed by Special Field Rules and the top allowable for a well in the field is 158 BOPD.
4. The Apache Corporation, Davis-Atkins lease Well No. 1 was completed June 12, 2004 through perforations from 4,560' to 4,566' subsurface depth.
 - a. The well potentialed at 405 BOPD, 37 MCFD and 18 BWPD and produces using artificial lift.
 - b. On July 11, 2005, the subject well was granted an MER of 225 BOPD (Order No. 8A-0242840).
5. An MER of 255 BOPD will not result in reduction of the ultimate recover of reserves.
 - a. A fluid level test was recently performed on the well and the fluid level was recorded at 1,705' above the pump which hinders fluid entry into the wellbore.
 - b. The well was tested at different rates and the optimum rate was determined to be ± 250 BOPD.
 - c. The fluid level was determined to be 450' above the downhole pump and the gas rate remained relatively constant between 100 and 110 MCFD.
6. Canceling the overproduction will not harm correlative rights.

CONCLUSIONS OF LAW

1. Notice of this hearing was provided in accordance with all applicable regulatory statutes and rules.
2. All things have occurred or been accomplished to afford the Commission the jurisdiction to consider and decide this matter.
3. Consideration and approval of this application is a matter properly within the jurisdiction of the Commission to foster conservation and prevent waste.

4. Approval of the proposed application of Apache Corporation for an MER for the Davis-Atkins Lease Well No. 1 will not harm correlative rights nor cause waste.
5. Cancellation of the oil production in excess of the assigned allowable will not harm correlative rights.

EXAMINERS' RECOMMENDATION

It is recommended that the application of Apache Corporation for an MER of 255 BOPD for the Davis-Atkins Lease Well No. 1 be approved. It is further recommended that the oil produced in excess of the assigned allowable for the Davis-Atkins Lease (68729) be canceled.

Respectfully submitted,

Thomas H. Richter, P.E.
Technical Examiner
Office of General Counsel