

OIL AND GAS DOCKET NO. 8A-0248229

THE APPLICATION OF CHEVRON U.S.A. INC. TO ESTABLISH AN MER FOR THE SAM C. JENKINS WELL NO. 14 IN THE JENKINS, NW (DEVONIAN) FIELD, GAINES COUNTY, TEXAS

Heard by: Donna K. Chandler on September 6, 2006

Appearances:

Wendi Kingston
Doug Kahlich

Representing:

Chevron U.S.A. Inc.
(by telephone)

EXAMINER'S REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Chevron U.S.A. Inc. requests an MER of 550 BOPD for its Sam C. Jenkins No. 14 in the Jenkins, NW (Devonian) Field. Chevron also requests that all accumulated overproduction be cancelled for this lease.

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

DISCUSSION OF EVIDENCE

The Jenkins, NW (Devonian) Field was discovered in 2001 upon completion of the Sam C. Jenkins No. 12 by Chevron. This well had an initial potential of 541 BOPD and the field was assigned a discovery allowable of 440 BOPD. The top allowable in the field is now 157 BOPD, based on the 1965 yardstick.

No other wells were completed in the field until the Sam C. Jenkins No. 14 was completed in June 2006. The No. 14 well produced at a rate of 523 BOPD, 19 MCFD and 27 BWPD on initial test. The well produces on rod pump from perforations between 8,968 and 8,998 feet. The No. 12 continues to produce approximately about 80 BOPD.

The No. 12 well was completed at a subsea depth of 5,582 feet. The No. 14 is completed at the top of the structure, at a subsea depth of 5,386 feet. No other wells will be drilled in this reservoir, but there is recompletion potential in an upper part of the Devonian in the No. 14 well.

Water production from the No. 14 has increased to about 100 BOPD and oil production is currently about 475 BOPD. The producing gas-oil ratio is only 35 cubic feet per barrel. Chevron believes that the reservoir has aquifer support, as the fluid level in the No. 14 well is only about 1,000 feet from the surface while pumping. Chevron believes that producing the well at capacity (up to 550 BOPD) will not harm the reservoir. The No. 12 produced at similar high rates under the discovery allowable. Cumulative overproduction is over 11,000 BO for the lease. It is requested that all overage 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 Sam C. Jenkins No. 14 was completed in June 2006 and has produced on rod pump since that time. The only other well in the field is the Sam C. Jenkins No. 12.
3. The top allowable in the Jenkins, NW (Devonian) Field is 157 BOPD. The discovery allowable for the field from 2001-2003 was 440 BOPD.
4. The well is currently capable of producing over almost 500 BOPD. Water production is about 100 BWPD and gas production is minimal.
5. Producing the Sam C. Jenkins No. 14 at rates up to 550 BOPD will not cause waste.
5. The subject lease is overproduced approximately 11,000 BO.

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 550 BOPD and cancellation of overproduction for the Sam C. Jenkins No. 14 in the Jenkins, NW (Devonian) Field will not cause waste and will not harm correlative rights.

RECOMMENDATION

Based on the above findings and conclusions of law, the examiner recommends approval of an MER of 550 BOPD and cancellation of overproduction for the Sam C. Jenkins No. 14 in the Jenkins, NW (Devonian) Field.

Respectfully submitted,

Donna K. Chandler
Technical Examiner