

July 30, 2007

OIL & GAS DOCKET NO. 8A-0252073

APPLICATION OF DEVON ENERGY PRODUCTION COMPANY TO CONSIDER AN MER FOR THE GRAVES LEASE WELL NO. 3 IN THE ACKERLY (CANYON REEF) FIELD, DAWSON COUNTY, TEXAS

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

DATE OF HEARING: July 24, 2007

APPEARANCES:

Richard P. Marshall attorney
Dennis N. Young

REPRESENTING

Devon Energy Production Co.

EXAMINER'S REPORT AND RECOMMENDATION
STATEMENT OF THE CASE

This is the unprotested application of Devon Energy Production Co. for Commission consideration for the Graves Lease Well No. 3 for an MER of 300 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 Ackerly (Canyon Reef) Field was discovered in 1994 at 9,128' subsurface depth and is governed by Statewide Rules and the top allowable for a well in the field is 157 BOPD. Devon is the only operator in the field with 3 wells.

The Devon Energy Production Co., Graves Well No. 3 was completed in February 2001. The well potential at 241 BOPD, 75 MCFD and no water flowing on an 18/64ths choke. The gas-oil ratio was 311 cubic feet of gas per barrel of oil. The well was a flowing well for 4.5 years before water started being produced. As water production increased, the well was placed on artificial lift.

An MER of up to 300 BOPD will not result in the loss of otherwise recoverable reserves. The well was placed on plunger lift at 11.43 strokes per minute (SPM). The well was tested at this rate at 220 BOPD, 117 MCFD and 145 BWPD. The fluid level above the pump after 14 days was measured at 6,332'. The SPM was increased to 13.14 and production increased to 276 BOP, 154 MCFD and 178 BWPD. The fluid level above the pump was decreased to 5,952'. The water-oil ratio remained relatively constant. The highest production rate during the test was over 300 BOPD.

It is proposed that oil produced in excess of the assigned allowable for the Graves Lease 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 Ackerly (Canyon Reef) Field was discovered in 1994 at 9,128' subsurface depth and is governed by Statewide Rules and the top allowable for a well in the field is 157 BOPD.
4. The Devon Energy Production Co., Graves Well No. 3 was completed in February 2001.
 - a. The well potentialed at 241 BOPD, 75 MCFD and no water flowing on an 18/64ths choke. The gas-oil ratio was 311 cubic feet of gas per barrel of oil.
 - b. The well was a flowing well for 4.5 years before water started being produced. As water production increased, the well was placed on artificial lift.
5. An MER of up to 300 BOPD will not result in the loss of otherwise recoverable reserves.
 - a. The well was placed on plunger lift at 11.43 strokes per minute (SPM) and was tested at this rate at 220 BOPD, 117 MCFD and 145 BWPD. The fluid level above the pump after 14 days was measured at 6,332'.
 - b. The SPM was increased to 13.14 and production increased to 276 BOP, 154 MCFD, 178 BWPD and the fluid level above the pump was decreased to 5,952'.
 - c. The water-oil ratio remained relatively constant.
 - d. The highest production rate during the test was over 300 BOPD.
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 Devon Energy Production Company for an MER for 300 BOPD per well for the Graves Lease Well No. 3 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 Devon Energy Production Company for an MER for 300 BOPD per well for the Graves Lease Wells No. 3 be approved. It is further recommended that the oil produced in excess of the assigned allowable for the Graves Lease be canceled.

Respectfully submitted,

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