



# RAILROAD COMMISSION OF TEXAS

## HEARINGS DIVISION

**OIL AND GAS DOCKET NO. 10-0278240**

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**THE APPLICATION OF APACHE CORPORATION TO ADOPT A FIELDWIDE MER ALLOWABLE IN THE PAINT RIDGE (CANYON GRANITE WASH) FIELD, OLDHAM COUNTY, TEXAS**

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**HEARD BY:** Brian Fancher, P.G. - Technical Examiner  
Michael Crnich - Legal Examiner

**DATE OF HEARING:** November 02, 2012

**APPEARANCES:**

**REPRESENTING:**

**APPLICANT:**

Jim Clark

Apache Corporation

### EXAMINER'S REPORT AND RECOMMENDATION

#### STATEMENT OF THE CASE

Apache Corporation ("Apache") requests an Most Efficient Rate ("MER") allowable of 1,700 barrels of oil per day ("BOPD") per well for Paint Ridge (Canyon Granite Wash) Field. Apache also requests that all accumulated overproduction for the its wells be cancelled.

At the hearing, the examiners opined it inappropriate to consider a field-wide MER for all oil wells completed in the subject field due to there being more than one operator in the field with producing wells, and that Apache was the only party present at the hearing. Apache did not consider the examiners opinion adverse.

The application is unopposed and the examiners recommend approval of the requested MER Allowable and cancellation of overproduction.

#### DISCUSSION OF EVIDENCE

The Paint Ridge (Canyon Granite Wash) Field was discovered in March 2010 at a depth of 9200 feet. The October 2012 oil proration schedule indicates there are seven producing oil wells and two operators carried on the proration schedule, Apache and Sunlight Exploration, Inc. The top



allowable in the field is 157 BOPD, which is based on the 1965 Yardstick Allowable. Cumulative production from the field through January 2013 is reported at 1.13 million barrels of oil ("MMBO") and 874.5 million cubic feet of natural gas ("MMCFG").

Apache completed the Bivins-Lit (Lease Id No. 08366) lease, Well No. 1151, in the subject field on January 05, 2012 through perforations between 9,150 feet and 9,170 feet. The initial potential test was performed while the subject well was on pump with an open choke. The initial potential test results reported that the Bivins-Lit (Lease Id No. 08366) lease, Well No. 1151 produced at 114 BOPD, 84 MCFGPD and 4 BWPD.

On September 05, 2012, Apache retested the Bivins-Lit (Lease Id No. 08366) lease, Well No. 1151 in the subject field on a 23/64" choke and reported test results at 1050 BOPD, 950 MCFGPD and 100 BWPD. Apache testified this test was performed due to the addition of perforations from 9,150 feet to 9,290 feet.

Apache completed the Bivins-West (Lease Id No. 08507) lease, Well No. 2192, in the subject field on January 08, 2012 through perforations between 8,930 feet and 8,950 feet. The initial potential test was performed while the subject well was on pump with an open choke. The initial potential test results reported that the Bivins-West (Lease Id No. 08507) lease, Well No. 2192 produced at 88 BOPD, 69 MCFGPD and 224 BWPD.

Apache completed the Boys Ranch 116 (Lease Id No. 08536) lease, Well No. 4, in the subject field on September 24, 2012 through perforations between 9,340 feet and 9,360 feet. The initial potential test was performed on 23/64" choke. The initial potential test results reported that the Boys Ranch 116 (Lease Id No. 08536) lease, Well No. 4 produced at 1356 BOPD, 1113 MCFGPD and 0 BWPD. Since completion of the Boys Ranch 116 (Lease Id No. 08536) lease, Well No. 4, production rates have ranged from 950 to 1,697 BOPD. Apache believes that because production rates range to nearly 1,700 BOPD, an MER for wells completed in the subject field on the three subject leases is appropriate. Apache testified that adoption of the proposed MER will not harm correlative rights, will prevent waste, and will promote development of the subject field.

Apache testified that the cumulative overproduction for the three subject leases surmounts to 247,594 BO and 87,355 MCFG. Apache testified that cancellation of overproduction on its three subject leases will not harm correlative rights.

#### **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 Paint Ridge (Canyon Granite Wash) Field was discovered in March 2010 at a depth of 9200 feet.


- a. There are 7 producing oil wells and two operators carried on the October 2012 oil proration schedule.
  - b. The top allowable in the field is 157 BOPD.
3. Apache Corporation ("Apache") requests an Most Efficient Rate ("MER") allowable of 1,700 barrels of oil per day ("BOPD") per well for oil wells it completes on Bivins-Lit (Lease Id No. 08366), Bivins-West (Lease Id No. 08507), and Boys Ranch 116 (Lease Id No. 08536) leases in the Paint Ridge (Canyon Granite Wash) Field.
  4. Apache wells completed in the Paint Ridge (Canyon Granite Wash) Field have performed initial potential tests that resulted in production rates ranging from 88 barrels of oil ("BO") to 1,356 BO.
  4. Production rates from Apache operated oil wells completed in the Paint Ridge (Canyon Granite Wash) Field have ranged from 950 BO to 1,697 BO.
  6. Cancellation of overproduction from the Bivins-Lit (Lease Id No. 08366), Bivins-West (Lease Id No. 08507), and Boys Ranch 116 (Lease Id No. 08536) leases in the Paint Ridge (Canyon Granite Wash) Field is appropriate.

#### CONCLUSIONS OF LAW


1. Notice of this hearing was given to all persons entitled to notice and no protests were received.
2. All things have occurred or been accomplished to give the Commission jurisdiction in this matter.
3. Approval of an Most Efficient Rate ("MER") Allowable of 1,700 BOPD and cancellation of the overproduction for the Apache Corporation, Bivins-Lit (Lease Id No. 08366), Bivins-West (Lease Id No. 08507), and Boys Ranch 116 (Lease Id No. 08536) leases in the Paint Ridge (Canyon Granite Wash) Field will not cause waste and will promote development of the field.

#### EXAMINERS' RECOMMENDATION

Based on the above findings of fact and conclusions of law, the examiners recommend that the Commission approve an MER Allowable of 1,700 BOPD and cancel the overproduction for the Bivins-Lit (Lease Id No. 08366), Bivins-West (Lease Id No. 08507), and Boys Ranch 116 (Lease Id No. 08536) leases in the Paint Ridge (Canyon Granite Wash) Field.

  
Brian Fancher, P.G.  
Technical Examiner

Respectfully submitted,

  
Michael Crnich  
Legal Examiner